FORM 10-K

Knight-Swift Transportation Holdings Inc. - KNX

Filed: March 01, 2018 (period: December 31, 2017)

Annual report with a comprehensive overview of the company

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

FORM 10-K

(mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017
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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A Common Stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 ☒

As of June 30, 2017, the aggregate market value of our Class A common stock held by non-affiliates was $2,126,210,355, based on the closing price of our common stock as quoted on the NYSE as of such date.

There were 178,189,491 shares of the registrant's Class A common stock and 0 shares of the registrant's Class B common stock outstanding as of February 19, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2018 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "SEC") are incorporated by reference into Part III of this report.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

2017 ANNUAL REPORT ON FORM 10-K

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KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

2017 ANNUAL REPORT ON FORM 10-K

GLOSSARY OF TERMS

The following glossary provides definitions for certain acronyms and terms used in this Annual Report on Form 10-K. 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.
Annual Report	Annual Report on Form 10-K
2017 Merger	See complete description of the 2017 Merger included in Note 1 of the footnotes to the consolidated financial statements, included in Part II, Item 8 of this Annual Report on Form 10-K.
2012 ESPP	Employee Stock Purchase Plan, effective beginning in 2012, amended and restated in 2017
2013 Debt Agreement	Knight's unsecured credit facility
2015 RSA	Amended and Restated Receivables Sales Agreement, entered into in 2015 by Swift Receivables Company II, LLC with unrelated financial entities.
2014 Stock Plan	The Company's amended and restated 2014 Omnibus Incentive Plan
2015 Debt Agreement	Swift's Fourth Amended and Restated Credit Agreement, entered into on July 25, 2015
2017 Debt Agreement	The Company's Credit Agreement, entered into on September 29, 2017
ASC	Accounting Standards Codification Topic
ASU	Accounting Standards Update
Board	Knight-Swift's Board of Directors
C-TPAT	Customs-Trade Partnership Against Terrorism
CSA	Compliance Safety Accountability
DOT	United States Department of Transportation
ELD	Electronic Logging Device
EPA	United States Environmental Protection Agency
EPS	Earnings Per Share
ERP	Enterprise Resource Planning system
FASB	Financial Accounting Standards Board
FLSA	Fair Labor Standards Act
FMCSA	Federal Motor Carrier Safety Administration
GAAP	United States Generally Accepted Accounting Principles
LIBOR	London InterBank Offered Rate
Knight	Unless otherwise indicated or the context otherwise requires, this term represents Knight Transportation, Inc. and its subsidiaries
Knight Revolver	Revolving line of credit under the 2013 Debt Agreement
Mohave	Mohave Transportation Insurance Company, a Swift wholly-owned captive insurance subsidiary
NASDAQ	National Association of Securities Dealers Automated Quotations
NLRB	National Labor Relations Board
NYSE	New York Stock Exchange
Red Rock	Red Rock Risk Retention Group, Inc., a Swift wholly-owned captive insurance subsidiary
Revolver	Revolving line of credit under the 2017 Debt Agreement
SEC	Securities and Exchange Commission
Swift	Unless otherwise indicated or the context otherwise requires, this term represents Swift Transportation Company and its subsidiaries
Swift Revolver	Swift's revolving line of credit under the 2015 Debt Agreement
Term Loan A	Swift's first lien term loan A under the 2015 Debt Agreement
Term Loan	The Company's term loan under the 2017 Debt Agreement
US	The United States of America

PART I

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual 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 Annual 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, including achievement of anticipated synergies,
- the flexibility of our model to adapt to market conditions,
- our ability to recruit and retain qualified driving associates,
- 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 and consumer spending,
- 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 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,
- 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 future changes thereto,
- future purchased transportation expense, and
- others.

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," 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 Item 1A. "Risk Factors" of this 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 Annual 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.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

ITEM 1. BUSINESS

Certain acronyms and terms used throughout this Annual 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.

Company Overview

Knight-Swift Transportation Holdings Inc. is North America's largest truckload carrier and a provider of transportation solutions, from its Phoenix, Arizona headquarters. The Company provides multiple truckload transportation and logistics services using a nationwide network of business units and terminals in the United States and Mexico to serve customers throughout North America. In addition to its truckload services, Knight-Swift also contracts with third-party capacity providers to provide a broad range of truckload services to its customers while creating quality driving jobs for our driving associates and successful business opportunities for independent contractors.

During 2017, we covered 0.9 billion loaded miles for shippers throughout North America, contributing to consolidated total revenue of $2.4 billion and consolidated operating income of $200.6 million. As of December 31, 2017, our fleet was comprised of 18,381 company tractors, 4,688 independent contractor tractors, 74,949 trailers, and 9,122 intermodal containers. The Company's six reportable segments are Knight Trucking, Knight Logistics, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal.

We have historically grown through a combination of organic growth, as well as through mergers and acquisitions (discussed below). Mergers and acquisitions have enhanced Knight's and Swift's businesses and service offerings with additional terminals, driving associates, revenue equipment, and capacity. Our multiple service offerings, capabilities, and transportation modes enable us to transport, or arrange transportation for, general commodities for our diversified customer base throughout the contiguous United States and Mexico using our equipment, information technology, and qualified driving associates and non-driver employees. We are committed to providing our customers with a wide range of truckload and logistics services and continuing to invest considerable resources toward developing a range of solutions for our customers across multiple service offerings and transportation modes. Our overall objective is to provide truckload and logistics services that, when combined, lead the industry for margin and growth, while providing efficient and cost-effective solutions for our customers.

Business Combinations and Investments

2017 Merger

On September 8, 2017, we became Knight-Swift Transportation Holdings Inc. upon the effectiveness of the 2017 Merger. We 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. Therefore, Knight's historical results of operations replaced Swift's historical results of operations for all periods prior to the 2017 Merger.

In conjunction with the 2017 Merger announcement, we provided an estimate of $150.0 million in synergies that we expect will be realized from the remainder of 2017 through 2019 with the combined efforts of Knight and Swift. See Note 4 in Part II, Item 8 of this Annual Report for more details regarding the 2017 Merger.

Historical Acquisitions

Knight — Since 1999, Knight has acquired all of the outstanding stock of five short-to-medium haul truckload carriers, or has acquired substantially all of the trucking assets of such carriers, including Granger, Iowa-based Barr-Nunn, acquired in 2014.

Swift — Since 1966, Swift has completed thirteen acquisitions, including the 2013 acquisition of Central Refrigerated Transportation, LLC (formerly Central Refrigerated Transportation, Inc.)

Joint Ventures

See Note 1 in Part II, Item 8 in this Annual Report, regarding Knight's joint ventures.

Partnerships

See Note 7 in Part II, Item 8 in this Annual Report, regarding Knight's partnership agreements with Transportation Resource Partners.

Industry and Competition

Truckload carriers represent the largest part of the transportation supply chain for most retail and manufactured goods in North America and typically transport a full trailer (or container) of freight for a single customer from origin to destination without intermediate sorting and handling. Generally, the truckload industry is compensated based on miles, whereas the less-than-truckload industry is compensated based on package size and/or weight. Overall, the United States trucking industry is large, fragmented, and highly competitive. We compete with thousands of truckload carriers, most of whom operate significantly smaller fleets than we do. Our trucking segments compete with other motor carriers for the services of driving associates, independent contractors, and management employees. To a lesser extent, our intermodal services, as well as our freight brokerage and logistics businesses, compete with railroads, less-than-truckload carriers, logistics providers, and other transportation companies. Our logistics businesses compete with other logistics companies for the services of third-party capacity providers and management employees.

Our industry has encountered the following major economic cycles since 2000:

Period	Economic Cycle
2000 — 2001	industry over-capacity and depressed freight volumes
2002 — 2006	economic expansion
2007 — 2009	freight slowdown, fuel price spike, economic recession, and credit crisis
2010 — 2013	moderate recovery. The industry freight data began to show positive trends for both volume and pricing. The slow, steady growth is a result of moderate increases in gross domestic product, coupled with a tighter supply of available tractors. Trends in supply of available tractors were lower due to several years of below average truck builds, an increase in truckload fleet bankruptcies in 2009 and 2010, increasing equipment prices due to stringent EPA requirements, less available credit, and less driver availability.
2014 — 2016	return to pre-recession levels and relative stabilization. In 2014, total spending on transportation, which fell during the 2007 – 2009 recession, returned to pre-recession levels. Truck tonnage grew throughout 2014, followed by decelerating growth in 2015, and relative stabilization in 2016. Capacity became looser in 2015 and 2016, as inventory levels were high and large volumes of tractor purchases created a supply/demand imbalance, putting pressure on pricing. Fuel prices declined.
2017	Demand increased for transportation services, including non-contract market demand, partially due to a strong retail season. Capacity became tighter in the second half of 2017, due to increasing government regulation, the driver shortage, severe storms interrupting business, among other factors. In addition, US fuel prices increased.

The principal means of competition in our industry are customer service, capacity, and price. In times of strong freight demand, customer service, and capacity become increasingly important, and in times of weak freight demand, pricing becomes increasingly important. Most truckload contracts (other than dedicated contracts) do not guarantee truck availability or load levels. Pricing is influenced by supply and demand.

The trucking industry faces the following primary challenges, which we believe we are well-positioned to address, as discussed under "Our Competitive Strengths" and "Company Strategy," below:

- tightening industry capacity;
- cumulative impacts of regulatory initiatives, such as ELDs, hours-of service limitations for drivers, and others;
- uncertainty in the economic environment, including changing supply chain and consumer spending patterns;
- driver shortages;
- significant and rapid fluctuations in fuel prices; and
- increased prices for new revenue equipment, design changes of new engines, and volatility in the used equipment sales market.

Our Competitive Strengths

We believe that our principal competitive strengths are our regional presence, customer service (including our ability to provide multiple transportation solutions, and configuration of equipment that satisfies customers' needs), operating efficiency, cost control, and technological enhancements in our revenue equipment and supporting back-office functions.

Regional Presence

We believe that regional operations, which have recently expanded with the merger between Knight and Swift, offer several advantages, including:
• obtaining greater freight volumes,
• achieving higher revenue per mile by focusing on high-density freight lanes to minimize non-revenue miles,
• enhancing our ability to recruit and train qualified driving associates,
• enhancing safety and driver development and retention,
• enhancing our ability to provide a high level of service and consistent capacity to our customers,
• enhancing accountability for performance and growth,
• furthering our trucking capabilities to provide various shipping solutions to our customers, and
• furthering our logistics capabilities to contract with more third-party capacity providers.

Operating Efficiency and Cost Control

We expect to generate cost and revenue synergies as a result of the 2017 Merger through, among other things, increased operational efficiencies through the adoption of best practices and capabilities from each of Knight and Swift. We operate modern tractors and trailers in order to obtain operating efficiencies and attract and retain driving associates. We believe a generally compatible fleet of tractors and trailers simplifies our maintenance procedures and reduces parts, supplies, and maintenance costs. We regulate vehicle speed, which we believe will maximize fuel efficiency, reduce wear and tear, and enhance safety. We continue to update our fleet with more fuel-efficient post-2014 United States EPA emission compliant engines, install aerodynamic devices on our tractors, and equip our trailers with trailer blades, which have led to meaningful improvements in fuel efficiency. Our logistics and intermodal businesses focus on effectively optimizing and meeting the transportation and logistics requirements of our customers and providing customers with various sources and modes of transportation capacity across our nationwide service network. We invest in technology that enhances our ability to optimize our freight opportunities while maintaining a low cost per transaction.

Customer Service

We strive to provide superior, on-time service at a meaningful value to our customers and seek to establish ourselves as a preferred truckload and logistics provider for our customers. We provide truckload capacity for customers in high-density lanes, where we can provide them with a high level of service, as well as flexible and customized logistics services on a nationwide basis. Our trucking services include dry van, refrigerated, and drayage, which also include dedicated and cross-border truckload services, customized according to customer needs. Our logistics and intermodal services include brokerage, intermodal, and certain logistics, freight management, and non-trucking services, which provide various shipping alternatives and transportation modes for customers by utilizing our expansive network of third-party capacity providers and rail partners. We price our trucking, logistics, and intermodal services commensurately with the level of service our customers require and market conditions. By providing customers a high level of service, we believe we avoid competing solely based on price.

Using Technology that Enhances Our Business

We purchase and deploy technology that we believe will allow us to operate more safely, securely, and efficiently. Substantially all of our company-owned tractors are equipped with in-cab communication devices that enable us to communicate with our driving associates, obtain load position updates, manage our fleets, and provide our customers with freight visibility, as well as with ELDs that automatically record our driving associates' hours-of-service. The majority of our trailers are equipped with trailer-tracking technology that allows us to better manage our trailers. We have purchased and developed software for our logistics businesses that provides greater visibility of the capacity of our third-party providers and enhances our ability to provide our customers with solutions that offer a superior level of service. We have automated many of our back-office functions, and we continue to invest in technology that we expect will allow us to better serve our customers and improve overall efficiency.

Our Mission and Company Strategy

Our mission is to operate truckload businesses that are industry leading in both margin and growth, while providing cost-effective solutions for our customers. Our success depends on our ability to efficiently and effectively manage our resources in providing transportation and logistics solutions to our customers, as well as our ability to leverage efficiencies and best practices between Knight and Swift. We evaluate growth opportunities based on customer demand and supply chain trends, availability of drivers and third-party capacity providers, expected returns on invested capital, expected net cash flows, and our company-specific capabilities.

Segment Operating Strategies	
Trucking Segments	Our operating strategy for our trucking segments, which includes Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated, is to achieve a high level of asset utilization within a highly disciplined operating system, while maintaining strict controls over our cost structure. We hope to achieve these goals by primarily operating in high-density, predictable freight lanes and attempting to develop and expand our customer base around each of our terminals by providing multiple truckload services for each customer. We believe this operating strategy allows us to take advantage of the large amount of freight transported in the markets we serve. Our terminals enable us to better serve our customers and work more closely with our driving associates. We operate a premium modern fleet that we believe appeals to driving associates and customers, reduces maintenance expenses and driving associate and equipment downtime, and enhances our fuel and other operating efficiencies. We employ technology in a cost-effective manner to assist us in controlling operating costs and enhancing revenue.
Logistics businesses	Our logistics operating strategy is to match the shipping needs of our customers with the capacity provided by our network of third-party carriers and our rail providers. Our goal is to increase our market presence, both in existing operating regions and in other areas where we believe the freight environment meets our operating strategy, while seeking to achieve industry-leading operating margins and returns on investment.
Swift Intermodal	Our Swift Intermodal operating strategy is to complement our regional operating model, allowing us to better serve customers in longer haul lanes, and reduce our investment in fixed assets. We have intermodal agreements with most major North American rail carriers, which have helped increase our volumes through more competitive pricing.

Growth Strategies	
We believe we have the terminal network, systems capability, and management capacity to support substantial growth. We have established a geographically diverse network that we believe can support a substantial increase in freight volumes, organic or acquired. Our network and business lines afford us the ability to provide multiple transportation solutions for our customers, and we maintain the flexibility within our network to adapt to freight market conditions. We believe our unique mix of regional management, together with our consistent efforts to centralize certain business functions to achieve collective economies of scale, allow us to develop future company leaders with relevant operating and industry experience, minimize the potential diseconomies of scale that can come with growth in size, take advantage of regional knowledge concerning capacity and customer shipping needs, and manage our overall business with a high level of performance accountability.	
Strengthening our customer relationships	We market our services to both existing and new customers who value our broad geographic coverage, suite of transportation and logistics services, and industry-leading truckload capacity and freight lanes that complement our existing operations. We seek customers who will diversify our freight base. We market our dry van, refrigerated, drayage, brokerage, and intermodal services, including dedicated and cross-border services within those offerings, to logistics customers seeking a single-source provider of multiple services but do not currently take advantage of our array of truckload solutions.
Improving asset productivity	We focus on improving the revenue generated from our tractors and trailers without compromising safety. We anticipate that we can accomplish this objective through increased miles driven and rate per mile.
Acquiring and growing opportunistically	We regularly evaluate potential opportunities for mergers, acquisitions, and other development and growth opportunities. In addition to the merger between Knight and Swift in 2017, since 1999, Knight has acquired five short-to-medium haul truckload carriers, including the acquisition of Barr-Nunn during 2014, and Swift has acquired thirteen companies since 1966.
Expanding existing terminals	Historically, a substantial portion of our revenue growth has been generated by our expansion into new geographic regions through the opening of additional terminals. Although we continue to seek opportunities to further increase our business in this manner, our primary focus is on developing and expanding our existing terminals by strengthening our customer relationships, recruiting quality driving associates and non-driver employees, adding new customers, and expanding the range of transportation and logistics solutions offered from these terminals.

Diversifying our service offerings	We are committed to providing our customers a broad and growing range of truckload and logistics services and continue to invest considerable resources toward developing a range of solutions for our customers. We believe that these offerings contribute meaningfully to our results and reflect our strategy to bring complementary services to our customers to assist them with their supply chain needs. We plan to continue to leverage our nationwide footprint and expertise to add value to our customers through our diversified service offerings.

Information by Segment and Geography

Segments

Our six reportable segments are Knight Trucking, Knight Logistics, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal. Segment information is provided in Notes 2 and 25 to the consolidated financial statements, including accounting and reporting policy, segment definitions, and financial information. Supplementary segment information is available in Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Geography

The required disclosures relating to revenue and long-lived assets by geography are included in Note 25 to the consolidated financial statements. Income tax information by geography is included in Note 14 to the consolidated financial statements.

Customers and Marketing

Marketing

Our marketing mission is to be a strategic, efficient transportation capacity partner for our customers by providing truckload and logistics solutions customizable to the unique needs of our customers. We deliver these capacity solutions through our network of owned assets, independent contractors, third-party capacity providers, and our rail providers. The diverse and premium services we offer provide a comprehensive approach to providing ample supply chain solutions to our customers. At December 31, 2017, we had a sales staff of approximately 85 individuals across the United States, Mexico, and Canada, who work closely with management to establish and expand accounts. Our sales and marketing leaders are members of our senior management team, who are assisted by other sales professionals in each segment. Our sales team emphasizes our industry-leading service, environmental leadership, and our ability to accommodate a variety of customer needs, provide consistent capacity, and financial strength and stability.

Customers

Our customers are typically large corporations in the retail (including discount and online retail), food and beverage, consumer products, paper products, transportation and logistics, housing and building, automotive, and manufacturing industries. Many of our customers have extensive operations, geographically distributed locations, and diverse shipping needs.

Consistent with industry practice, our typical customer contracts (other than dedicated contracts) do not guarantee shipment volumes by our customers or truck availability by us. This affords us and our customers some flexibility to negotiate rates in response to changes in freight demand and industry-wide truck capacity. Our dedicated services within the Swift Dedicated and Knight Trucking segments assign particular driving associates and revenue equipment to prescribed routes, pursuant to multi-year agreements. This provides individual customers with a guaranteed source of capacity, and allows our driving associates to have more predictable schedules and routes. Under our dedicated transportation services, we provide driving associates, equipment, maintenance, and, in some instances, transportation management services that supplement the customer's in-house transportation department.

Our terminals are linked to our corporate information technology system in our Phoenix headquarters. The capabilities of this system and its software enhance our operating efficiency by providing cost-effective access to detailed information concerning equipment location and availability, shipment tracking and on-time delivery status, and other specific customer requirements. The system also enables us to respond promptly and accurately to customer requests and assists us in geographically matching available equipment with customer loads. Additionally, our customers can track shipments and obtain copies of shipping documents via our website. We also provide electronic data interchange services to customers desiring these services.

We believe our fleet capacity, terminal network, customer service and breadth of services offer a competitive advantage to major shippers, particularly in times of rising freight volumes when shippers must quickly access capacity across multiple facilities and regions.

We strive to maintain a diversified customer base. Services provided to the Company's largest customer, Wal-Mart, generated 15.8%, 13.7%, and 12.4% of total revenue in 2017, 2016, and 2015, respectively. Revenue generated by Wal-Mart is reported in the Knight Trucking, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal operating segments. No other customer accounted for 10% or more of total revenue in 2017, 2016, or 2015.

Our top 25 customers drive a substantial portion of our total revenue, as follows (amounts reflect only Swift's result prior to the 2017 Merger date, and Knight-Swift's results after the 2017 Merger date):

- In 2017, our top 25, top 10, and top 5 customers accounted for 56.6%, 39.7%, and 31.7% of our total revenue, respectively.
- In 2016, our top 25, top 10, and top 5 customers accounted for 53.7%, 37.3%, and 27.7% of our total revenue, respectively.
- In 2015, our top 25, top 10, and top 5 customers accounted for 53.1%, 36.2%, and 26.2% of our total revenue, respectively.

Revenue Equipment

We operate a modern company tractor fleet to help attract and retain driving associates, promote safe operations, and reduce maintenance and repair costs. The following table shows our owned and leased tractor and trailer ages as of December 31, 2017:

Model Year	Tractors (1)	Trailers
2019	—	9
2018	2,798	3,968
2017	2,232	8,835
2016	5,185	6,913
2015	4,968	8,846
2014	2,223	5,624
2013	374	5,666
2012	123	4,470
2011 and prior	478	30,618
Total	18,381	74,949

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(1) Excludes 4,688 independent contractor tractors.

We typically purchase or lease tractors and trailers manufactured to our specifications in order to meet a wide variety of customer needs. Growth of our tractor and trailer fleet is determined by market conditions and our experience and expectations regarding equipment utilization. In acquiring revenue equipment, we consider a number of factors, including economy, price, rate, economic environment, technology, warranty terms, manufacturer support, driving associate comfort, and resale value. We maintain strong relationships with our equipment vendors and have the financial flexibility to react as market conditions dictate.

Our current policy is to replace our tractors between 42 months and 60 months after purchase and to replace our trailers over a five- to ten-year period. Changes in the current market for used tractors and trailers, regulatory changes, and difficult market conditions faced by tractor and trailer manufacturers, may result in price increases that may affect the period of time for which we operate our equipment.

Our newer equipment has enhanced features, which we believe tends to lower the overall life cycle costs by reducing safety-related expenses, lowering repair and maintenance expenses, improving fuel economy, and improving driving associate satisfaction. In 2018 and beyond, we will continue to monitor the appropriateness of this relatively short tractor trade-in cycle against the lower capital expenditure and financing costs of a longer tractor trade-in cycle, based on current and future business needs.

Employees

The strength of our company is our people, working together with common goals. There were approximately 25,200 full-time employees in our total headcount of approximately 25,400 employees as of December 31, 2017, which was comprised of:

Company driving associates (including driver trainees)	19,200
Technicians and other equipment maintenance personnel	1,400
Support personnel (such as corporate managers, sales, and administrative personnel)	4,800
Total	25,400

As of December 31, 2017, we had approximately 780 Trans-Mex driving associates in Mexico that were represented by a union.

Company Driving Associates

We recognize that the recruitment, training, and retention of a professional driving associate workforce, which is one of our most valuable assets, are essential to our continued growth and meeting the service requirements of our customers. In order to attract and retain safe driving associates who are committed to the highest levels of customer service and safety, we focus our operations for driving associates around a collaborative and supportive team environment. We provide late model and comfortable equipment, direct communication with senior management, competitive wages and benefits, and other incentives designed to encourage driving associate safety, retention, and long-term employment. We have established various driving academies across the United States. Our academies are strategically located in areas where external driver-training organizations were lacking. In other areas of the US, we have contracted with driver training schools, which are managed by third parties. There are certain minimum qualifications for candidates to be accepted into the academy, including passing the DOT physical examination and drug/alcohol screening.

Terminal Staff

Most of our large terminals are staffed with terminal leaders, fleet leaders, driver leaders, planners, safety coordinators, shop leaders, technicians, and customer service representatives. Our terminal leaders work with driver leaders, customer service representatives, and other operations personnel to coordinate the needs of both our customers and our driving associates. Terminal leaders are also responsible for serving existing customers in their areas. Fleet leaders supervise driver leaders, who are responsible for the general operation of our trucks and their driving associates, focusing on driving associate retention, productivity per truck, fuel consumption, fuel efficiency (with respect to driver-controllable idle time), safety, and scheduled maintenance. Customer service representatives are assigned specific customers to ensure specialized, high-quality service, and frequent customer contact.

Independent Contractors

In addition to Knight-Swift-employed driving associates, we enter into contractor agreements with third parties who own and operate tractors (or hire their own driving associates to operate the tractors) that service our customers. We pay these independent contractors for their services, based on a contracted rate per mile. By operating safely and productively, independent contractors can improve their own profitability and ours. Independent contractors are responsible for most costs incurred for owning and operating their tractors. For convenience, we offer independent contractors maintenance services at our in-house shops and fuel at our terminals at competitive and attractive prices. As of December 31, 2017, independent contractors comprised 20.3% of our total fleet, as measured by tractor count.

Safety and Insurance

Safety

We are committed to safe and secure operations. We conduct a mandatory intensive driver qualification process, including defensive driving training for all drivers, which includes our company driving associates. We require prospective drivers to meet higher qualification standards than those required by the DOT. We regularly communicate with drivers to promote safety and instill safe work habits through effective use of various media and safety review sessions. We dedicate personnel and resources designed to ensure safe operation and regulatory compliance. We employ technology to assist us in managing risks associated with our business. In addition, we have an innovative recognition program for driver safety performance and emphasize safety through our equipment specifications and maintenance programs. Our Corporate Directors of Safety review all accidents and report weekly to the Senior Director of Safety and Risk Management.

Insurance

The primary claims arising in our business consist of auto liability, including personal injury, property damage, physical damage, and cargo loss. We self-insure for a significant portion of our claims exposure and related expenses. We also maintain insurance that covers our directors and officers for losses and expenses arising out of claims, based on acts or omissions in their capacities as directors or officers. While under dispatch and the Company's operating authority, the independent contractors the Company contracts with are covered by the Company's liability coverage and self-insurance retention limits. However, each is responsible for physical damage to his or her own equipment, occupational accident coverage, and liability exposure while the truck is used for non-company purposes. Additionally, fleet operators are responsible for any applicable workers' compensation requirements for their employees.

Swift — The following table includes Swift's self-insured retention amounts, maximum benefits per claim, and other limitations:

Insurance	Limits
Automobile Liability, General Liability, and Excess Liability	$250.0 million of coverage per occurrence, subject to a $10.0 million self-insured retention per-occurrence.
Cargo Damage and Loss	$2.0 million limit per truck or trailer with a $10.0 million limit per occurrence; provided that there is a $1.0 million limit for tobacco loads and a $250 thousand deductible
Property and Catastrophic Physical Damage	$150.0 million limit for property and $100.0 million limit for vehicle damage, excluding over the road exposures, subject to a $1.0 million deductible
Workers' Compensation/Employers' Liability	Statutory coverage limits; employers' liability of $1.0 million bodily injury by accident and disease, subject to a $5.0 million self-insured retention for each accident or disease
Employment Practices Liability	Primary policy with a $10.0 million limit subject to a $2.5 million self-insured retention
Health Care	As of January 1, 2015, Swift is fully insured for medical, subject to contributed premiums.

Swift insures certain casualty risks through its wholly-owned captive insurance subsidiaries, Mohave and Red Rock. Mohave and Red Rock provide reinsurance associated with a share of our automobile liability risk. In addition to insuring a proportionate share of our corporate casualty risk, Mohave provides reinsurance coverage to third-party insurance companies associated with Swift affiliated companies' independent contractors.

Knight — The following table includes information regarding Knight's main insurance programs:

Insurance	Limits
Automobile Liability	$130.0 million of coverage per occurrence, subject to a $1.0 million self-insured retention per-occurrence, and a $2.5 million aggregate deductible for any loss within the excess coverage layer.
Workers' Compensation	$1.0 million self-insured retention per occurrence.
Employee Medical and Hospitalization	Primary and excess coverage for employee medical expenses and hospitalization, with $0.2 million self-insured retention per claimant.

Fuel

We actively manage our fuel purchasing network in an effort to maintain adequate fuel supplies and reduce our fuel costs. Additionally, we utilize a fuel surcharge program to pass a majority of increases in fuel costs to our customers. In 2017, we purchased 14.8% of our fuel in bulk at our Swift, Knight, and dedicated customer locations across the United States and Mexico. We purchased substantially all of the remainder through a network of retail truck stops with which we have negotiated volume purchasing discounts. The volumes we purchase at terminals and through the fuel network vary based on procurement costs and other factors. We seek to reduce our fuel costs by routing our driving associates to truck stops when fuel prices at such stops are cheaper than the bulk rate paid for fuel at our terminals. We primarily store fuel in above-ground storage tanks at most of our other bulk fueling terminals. We believe that we are sufficiently in compliance with applicable environmental laws and regulations relating to the storage and dispensing of fuel.

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 impeding operations. At the same time, operating expenses generally increase, and tractor productivity of our 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. During this period, the profitability of our operations is generally lower than during other parts of the year. Additionally, we have seen surges between Thanksgiving and Christmas resulting from 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).

Environmental Regulation

General

We have bulk fuel storage and fuel islands at many of our terminals, as well as vehicle maintenance, repair, and washing operations at some of our facilities, which exposes us to certain environmental risks. Soil and groundwater contamination have occurred at some of our facilities in prior years, for which we have been responsible for remediating the environmental contamination. Also, a small percentage of our total shipments contain hazardous materials, which are generally rated as low- to medium-risk, and subject us to a wide array of regulation. In the past, we have been responsible for the costs of clean-up of cargo and diesel fuel spills caused by traffic accidents or other events.

We have instituted programs to monitor and mitigate environmental risks and maintain compliance with applicable environmental laws dealing with the hauling, handling, and disposal of hazardous materials, fuel spillage or seepage, emissions from our vehicles and facilities, engine-idling, discharge and retention of storm water, and other environmental matters. As part of our safety and risk management program, we periodically perform internal environmental reviews. We are a Charter Partner in the EPA's SmartWay Transport Partnership, a voluntary program promoting energy efficiency and air quality. We believe that our operations are sufficiently in compliance with current laws and regulations and do not know of any existing environmental condition that would reasonably be expected to have a material adverse effect on our business or operating results.

If we are held responsible for the cleanup of any environmental incidents caused by our operations or business, or if we are found to be in violation of applicable laws or regulations, we could be subject to clean-up costs and other liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a material, adverse effect on our business and results of operations. We have paid penalties for spills and violations in the past; however, they have not been material to our financial results or position.

Greenhouse Gas ("GHG") Emissions and Fuel Efficiency Standards

California ARB — In 2008 the State of California's Air Resources Board ("ARB") approved the Heavy-Duty Vehicle GHG Emission Reduction Regulation in efforts to reduce GHG emissions from certain long-haul tractor-trailers that operate in California by requiring them to utilize technologies that improve fuel efficiency (regardless of where the vehicle is registered). The regulation required owners of long-haul tractors and 53-foot trailers to be EPA SmartWay certified or replace or retrofit their vehicles with aerodynamic technologies and low-rolling resistance tires. The regulation also contained certain emissions and registration standards for refrigerated trailers.

In December 2013, California's ARB approved regulations to align its GHG emission standards and test procedures, as well as its tractor-trailer GHG regulation, with the feder Phase 1 GHG regulation (see below).

Additionally, in February 2017 California's ARB proposed California Phase 2 standards that would generally align with the federal Phase 2 Standards (see below), with some minor additional requirements, and as proposed would stay in place even if the federal Phase 2 Standards are affected by action from President Trump's administration. California's ARB has announced it plans to bring a formal proposed program to its board of directors in early 2018.

Complying with current and proposed GHG regulations has increased the cost of our new tractors, may increase the cost of any new trailers that will operate in California, may require us to retrofit certain of our pre-2011 model year trailers that operate in California, and could impair equipment productivity and increase our operating expenses. These adverse effects, combined with the uncertainty as to the reliability of the newly designed diesel engines and the residual values of these vehicles, could materially increase our costs or otherwise adversely affect our business or operations. We will continue monitoring our compliance with California's ARB regulations.

EPA and NHTSA — The EPA and the National Highway Traffic Safety Administration ("NHTSA") began taking coordinated steps in support of a new generation of clean vehicles and engines through reduced GHG emissions and improved fuel efficiency at a national level.

- *Phase 1* — In September 2011, the EPA finalized federal regulations for controlling GHG emissions, beginning with model-year 2014 medium- and heavy-duty engines and vehicles and increasing in stringency through model-year 2018. The federal regulations relate to efficient engines, use of auxiliary power units, mass reduction, low-rolling resistance tires, improved aerodynamics, improved transmissions, and reduced accessory loads.

  In December 2013, California's ARB approved regulations to align its GHG emission standards and test procedures, as well as its tractor-trailer GHG regulation, with the federal Phase 1 GHG regulation.

- *Phase 2* — In June 2015, the EPA and NHTSA, working in concert with California's ARB, formally announced a proposed national program establishing Phase 2 of the GHG emissions and fuel efficiency standards for medium- and heavy-duty vehicles for model-year 2018 and beyond. In August 2016, the EPA and NHTSA announced the final rule regarding Phase 2, which builds upon Phase 1, and would apply to certain trailer types beginning with model-year 2018 for EPA standards (voluntary for NHTSA standards through model-year 2020). Tractors and certain trailer types would be subject to the Phase 2 standards beginning with model-year 2021, increasing in stringency through model-year 2024, and phasing in completely by model-year 2027. This rule marks the first time federal mandates will be applied to trailers, with respect to aerodynamics and low-rolling resistance tires. The final rule was effective December 27, 2016.

  In October 2017, the EPA announced a proposal to repeal the Phase 2 Standards as they relate to gliders (which mix refurbished older components, including transmissions and pre-emission-rule engines, with a new frame, cab, steer axle, wheels, and other standard equipment). Additionally, implementation of the Phase 2 Standards as they relate to trailers has been delayed due to a provisional stay granted in October 2017 by the US Court of Appeals for the District of Columbia, which is overseeing a case against the EPA by the Truck Trailer Manufacturers Association, Inc. regarding the Phase 2 Standards. If the glider provisions are removed from the Phase 2 standards, there would be no direct effect on our results of operations. If the trailer provisions of the Phase 2 Standards are permanently removed, we would expect a lessened impact on our operations.

We believe the EPA and NHTSA GHG requirements will result in additional increases in new tractor and trailer prices and additional parts and maintenance costs incurred to retrofit our tractors and trailers with technology to achieve compliance with such standards, which could adversely affect our operating results and profitability, particularly if such costs are not offset by potential fuel savings. We cannot predict, however, the extent to which our operations and productivity will be impacted.

Climate-change Proposals

Federal and state lawmakers are considering a variety of other climate-change proposals related to carbon emissions and GHG emissions. The proposals could potentially limit carbon emissions for certain states and municipalities, which continue to restrict the location and amount of time that diesel-powered tractors (like ours) may idle.

These restrictions could force us to purchase on-board power units that do not require the engine to idle or to alter our drivers' behavior, which could result in a decrease in productivity, or increase in driving associate turnover.

Industry Regulation

Our operations are regulated and licensed by various federal, state, and local government agencies in North America, including the DOT, the FMCSA, and the United States Department of Homeland Security, among others. Our company, as well as our driving associates and independent contractors, must comply with enacted governmental regulations regarding safety, equipment, and operating methods. Examples include regulation of equipment weight, equipment dimensions, driver hours-of-service, driver eligibility requirements, on-board reporting of operations, and ergonomics. The following discussion presents recently enacted federal, state, and local regulations that have an impact on our operations.

Hours-of-service

From time to time, the FMCSA proposes and implements changes to regulations impacting hours-of-service. Such changes can negatively impact our productivity and affect our operations and profitability by reducing the number of hours per day or week our drivers may operate and/or disrupting our network. No such changes are currently proposed. However, any future changes to hours-of-service regulations could materially and adversely affect our operations and profitability.

Safety and Fitness Ratings

There are currently two methods of evaluating the safety and fitness of carriers: CSA BASICS, which evaluates and ranks fleets on certain safety-related standards by analyzing data from recent safety events and investigation results, and DOT SafeStat, which is based on an on-site investigation and affects a carrier's ability to operate in interstate commerce. Additionally, the FMCSA has proposed rules in the past that would change the methodologies used to determine carrier safety and fitness.

DOT SafeStat — SafeStat is currently the only safety measurement system in effect. Both Knight and Swift currently have a satisfactory SafeStat DOT rating, which is the best available rating under the current safety rating scale. If we were to receive a conditional or unsatisfactory DOT safety rating, it could adversely affect our business, as some of our existing customer contracts require a satisfactory DOT safety rating.

CSA BASICs — In December 2010, the FMCSA introduced an enforcement and compliance model that ranks on seven categories of safety-related data. The seven categories of safety-related data, known as BASICs, currently include Unsafe Driving, Fatigued Driving (hours-of-service), Driver Fitness, Controlled Substances/Alcohol, Vehicle Maintenance, Hazardous Materials Compliance, and Crash Indicator. Carriers are grouped by category with other carriers that have a similar number of safety events (i.e. crashes, inspections, or violations) and carriers are ranked and assigned a rating percentile or score to prioritize them for interventions if they are above a certain threshold.

Certain CSA BASICs information was initially published and made available to carriers, as well as the general public. However, in December 2015, as part of the Fixing America's Surface Transportation ("FAST") Act, Congress mandated that the FMCSA remove all CSA scores from public view until a more comprehensive study regarding the effectiveness of CSA BASICs improving truck safety could be completed. During this period of review by the FMCSA, we will continue to have access to our own scores and will still be subject to intervention by the FMCSA when such scores are above the intervention thresholds. The study was conducted and delivered to the FMCSA in June 2017 with several recommendations to make the CSA program more fair, accurate, and reliable. The FMCSA is expected to provide its report to Congress in early 2018 outlining the changes it will make to the CSA program in response to the study.

It is unclear if, when, and to what extent any such changes will occur. However, any changes that increase the likelihood of us receiving unfavorable scores could adversely affect our results of operations and profitability.

CSA BASICS scores do not currently have a direct impact on a carrier's safety rating. However, the occurrence of unfavorable scores in one or more categories may affect driving associate recruiting and retention by causing qualified driving associates to seek employment with other carriers, cause our customers to direct their business away from us and to carriers with higher fleet rankings, subjecting us to an increase in compliance reviews and roadside inspections, or causing us to incur greater than expected expenses in our attempts to improve unfavorable scores, any of which could adversely affect our results of operations and profitability.

Safety Fitness Determination — In January 2016, the FMCSA published a Notice of Proposed Rulemaking ("NPRM") in the Federal Register, regarding carrier safety fitness determination. The NPRM proposed new methodologies that would have determined when a motor carrier was not fit to operate a commercial motor vehicle. Key proposed changes that were included in the NPRM are as follows:

- There would be only one safety rating of "unfit," as compared to the current rules, which have three safety ratings (satisfactory, conditional, and unsatisfactory).
- Carriers could be determined "unfit" by failing two or more BASICs, investigation results, or a combination of the two.
- Stricter standards would be used for BASICs with a higher correlation to crash risk (Unsafe Driving and Hours-of-Service Compliance).
- All investigation results would be used, not just results from comprehensive on-site reviews.
- Violations of a revised list of "critical" and "acute" safety regulations would result in failing a BASIC.
- Carriers would be assessed monthly.

Public comments on the proposed rule were due in June 2016 and several industry groups and lawmakers expressed their disagreement with the proposed rule, arguing that it violates the requirements of the FAST Act and that the FMCSA must first finalize its review of the CSA scoring system. Based on this feedback and other concerns raised by industry stakeholders, in March 2017, the FMCSA withdrew the Notice of Proposed Rulemaking related to the new safety rating system. In its notice of withdrawal, the FMCSA noted that a new rulemaking related to a similar process may be initiated in the future. Therefore, it is uncertain if, when, or under what form any such rule could be implemented.

Moving Ahead for Progress in the 21st Century Bill

In July 2012, Congress passed the Moving Ahead for Progress in the 21st Century bill into law. Included in the highway bill was a provision that mandates electronic logging devices in commercial motor vehicles to record hours-of-service. Additionally, in response to the bill, a final rule related to entry-level driver training was passed in 2016, as well as amendments to the Drug and Alcohol Clearinghouse rules.

ELD — During 2012, the FMCSA published a Supplemental NPRM, announcing its plan to proceed with the ELDs and hours-of-service supporting documents rulemaking. The ELD rule became final in December 2015, as published in the Federal Register, with an effective date of February 16, 2016. The ELD rule phases in over a four-year period:

- Phase 1 (February 16, 2016 through December 18, 2017): Carriers and drivers subject to the rule may voluntarily use ELDs or use other forms of logging devices.
- Phase 2 (December 18, 2017 through December 16, 2019): Carriers and drivers subject to the rule can use Automatic On-board Recording Devices ("AOBRD") that were installed prior to December 18, 2017 or ELDs certified and registered after December 16, 2015.
- Phase 3 (after December 16, 2019): All drivers and carriers subject to the rule must use certified and registered ELDs that comply with the requirements of the ELD regulations.

Although the final ELD rule may have a large impact on the industry as a whole, we have not experienced an adverse impact on Knight-Swift, as we previously installed ELDs in our operational trucks in conjunction with our efforts to improve efficiency and communications with driving associates and independent contractors. However, we believe that more effective hours-of-service enforcement under the ELD Rule may improve our competitive position by causing all carriers to adhere more closely to hours-of-service requirements.

Entry-Level Driver Training — In December 2016, the FMCSA established new minimum training standards for certain individuals applying for (or upgrading) a Class A or Class B commercial driver's license, or obtaining a hazardous materials, passenger, or school bus endorsement on their commercial driver's license for the first time. These individuals are subject to the Entry-level driver training requirements and must complete a prescribed program of theory and behind-the wheel instruction. The final rule requires that behind-the-wheel proficiency of an entry-level truck driver be determined solely by the instructor's evaluation of how well the driver-trainee performs the fundamental vehicle controls skills and driving procedures set forth in the curricula, but does not have a minimum training hours requirement, as proposed by the FMCSA earlier in 2016. The final rule went into effect on February 6, 2017, with a compliance date of February 7, 2020. Upon the compliance date, training schools will be required to register with the FMCSA's Training Provider Registry and certify that their program meets the classroom and driving standards. The effect of this rule could result in a decrease in fleet production and driver availability, either of which could adversely affect our business or operations.

Commercial Driver's License Drug and Alcohol Clearinghouse — In December 2016, the FMCSA amended the Federal Motor Carrier Safety Regulations to establish requirements of the Commercial Driver's License Drug and Alcohol Clearinghouse, a database under its administration that will contain information about violations of the FMCSA's drug and alcohol testing program for holders of commercial driver's licenses. In addition to requiring employers to check the database for driver applicant drug and alcohol test failures, the final rule requires employers to check the database to determine whether current employees have incurred a drug or alcohol violation that would prohibit them from performing safety-sensitive functions. The final rule became effective on January 4, 2017, with a compliance date of January 6, 2020. Upon implementation, the rule may reduce the number of available drivers in an already constrained driver market.

Prohibiting Coercion of Commercial Motor Vehicle Drivers

In November 2015, the Prohibiting Coercion of Commercial Motor Vehicle Drivers rule became final, as published in the Federal Register and adopted by the FMCSA. The rule explicitly prohibits motor carriers from coercing drivers to violate certain FMCSA regulations, including driver hours-of-service limits, Commercial Drivers' License regulations, drug and alcohol testing rules, and hazardous materials regulations, among others. Under the rule, drivers can report incidents of coercion to the FMCSA, who is authorized to issue penalties against the motor carrier. We have not experienced any significant impacts from this rule.

Speed Limiting Devices

In September 2016, the NHTSA and FMCSA proposed regulations that would require speed limiting devices on vehicles with a gross vehicle weight rating of more than 26,000 pounds for the service life of the vehicle. The speed was expected to be limited to 62, 65, or 68, but ultimately would have been be set by the final rule. Based on the agencies' review of the available data, limiting the speed of these heavy vehicles would reduce the severity of crashes involving these vehicles and reduce the resulting injuries and fatalities. Public comments on the proposed rule were due in November 2016, and in July 2017, the DOT announced that it would no longer pursue a speed limiter rule, but left open the possibility that it could resume such a pursuit in the future. The effect of this rule, to the extent it became effective, could result in a decrease in fleet production and driver availability, either of which could adversely affect our business or operations.

For safety, we electronically govern the speed of substantially all of our company tractors. Additionally, our independent contractor agreements include statements that independent contractors must comply with the Company's speed policy.

Food Safety Modernization Act of 2011 ("FSMA")

In April 2016, the Food and Drug Administration published a final rule establishing requirements for shippers, loaders, carriers by motor vehicle and rail vehicle, and receivers engaged in the transportation of food, to use sanitary transportation practices to ensure the safety of the food they transport as part of the FSMA. This rule sets forth requirements related to:

- the design and maintenance of equipment used to transport food,
- the measures taken during food transportation to ensure food safety,
- the training of carrier personnel in sanitary food transportation practices, and
- maintenance and retention of records of written procedures, agreements, and training related to the foregoing items.

These requirements took effect for larger carriers such as us in April 2017 and are also applicable when we perform as a carrier or as a broker. We believe we have been in compliance with these requirement since that time. However, if we are found to be in violation of applicable laws or regulations related to the FSMA, we could be subject to substantial fines, penalties and/or criminal liability, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Legislation Regarding Independent Contractors

Tax and other regulatory authorities have sought in the past to assert that independent contractors in the trucking industry are employees rather than independent contractors. Federal legislators continue to introduce legislation concerning the classification of independent contractors as employees, including legislation that proposes to increase the tax and labor penalties against employers who intentionally or unintentionally misclassify employees as independent contractors and are found to have violated employees' overtime or wage requirements. Additionally, federal legislators have sought to:

- abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice,
- extend the FLSA to independent contractors, and
- impose notice requirements based upon employment or independent contractor status and fines for failure to comply.

Some states have adopted initiatives to increase their revenues from items such as unemployment, workers' compensation, and income taxes, and we believe a reclassification of independent contractors as employees would help states with this initiative. Federal and state taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status.

Further, class actions and other lawsuits have been filed against us and other members of our industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers' compensation and health care coverage. Our defense of such class actions and other lawsuits has not always been successful, and we have been subject to adverse judgments with respect to such matters. If our independent contractors were determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, and tort laws, which could potentially include prior periods, as well as potential liability for employee benefits and tax withholdings. We currently observe and monitor our compliance with current related and applicable laws and regulations, but we cannot predict whether laws and regulations adopted in the future regarding the classification of our independent contractors will adversely affect our business or operations.

Other Regulation

Executive Order

The regulatory environment has changed under the administration of President Trump. In January 2017, the President signed an executive order requiring federal agencies to repeal two regulations for each new one they propose and imposing a regulatory budget, which would limit the amount of new regulatory costs federal agencies can impose on individuals and businesses each year. We do not believe the order has had a significant impact on our industry. However, the order, and other anti-regulatory action by the President and/or Congress, may inhibit future new regulations and/or lead to the repeal or delayed effectiveness of existing regulations. Therefore, it is uncertain how we may be impacted in the future by existing, proposed, or repealed regulations.

The Tax Cuts and Jobs Act

On December 22, 2017, the United States enacted significant changes to its tax law following the passage and signing of H.R.1, "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (previously known as "The Tax Cuts and Jobs Act"). The new tax law is complex and includes various changes which may impact the Company. See Note 14 in Part II, Item 8 of this Annual Report for further details, including the financial impact on the Company.

Available Information

General information about the Company is provided, free of charge, regarding Knight at www.knighttrans.com and regarding Swift at www.swifttrans.com. These websites also include links to the combined company's investor site http://investor.knight-swift.com, which includes our annual reports on Form 10-K with accompanying XBRL documents, quarterly reports on Form 10-Q with accompanying XBRL documents, current reports on Form 8-K, and amendments to those reports that are filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable once the material is electronically filed or furnished to the SEC.

ITEM 1A. RISK FACTORS

When evaluating our company, the following risks should be considered in conjunction with the other information contained in this Annual Report. If we are unable to mitigate and/or are exposed to any of the following risks in the future, then there could be a material, adverse effect on our business, results of operations, or financial condition.

Our risks are grouped into the following risk categories:			
Strategic	**Operational**	**Compliance**	**Financial**
*Industry and Competition	*Company Growth	*Trucking Industry Regulation	*Capital Requirements
*Market Changes	*Employees	*Environmental Regulation	*Debt
*Macroeconomic Changes	*Independent Contractors	*Insurance Regulation	*Investments
*Mergers and Acquisitions	*Vendors and Suppliers		*Goodwill and Intangibles
*International Operations	*Customers		*Common Stock
	*Information Systems		*Dividends

Strategic Risk

Our business is subject to general economic, credit, business, and regulatory factors affecting the truckload industry that are largely beyond our control, any of which could have a materially adverse effect on our results of operations.

The truckload industry is highly cyclical, and our business is dependent on a number of factors that may have a materially adverse effect on our results of operations, many of which are beyond our control. We believe that some of the most significant of these factors include (1) excess tractor and trailer capacity in the trucking industry in comparison with shipping demand; (2) declines in the resale value of used equipment; (3) recruiting and retaining qualified driving associates; (4) strikes, work stoppages, or work slowdowns at our facilities or at customer, port, border crossing, or other shipping-related facilities; (5) increases in interest rates, fuel, taxes, tolls, and license and registration fees; and (6) rising costs of healthcare.

We are also affected by (1) recessionary economic cycles, such as the period from 2007 through 2009 and the 2016 freight environment, which was characterized by weak demand and downward pressure on rates; (2) changes in customers' inventory levels and practices, including shrinking product/package sizes, and in the availability of funding for their working capital; (3) changes in the way our customers choose to source or utilize our services; and (4) downturns in our customers' business cycles. Economic conditions may adversely affect our customers and their demand for and ability to pay for our services. Customers encountering adverse economic conditions represent a greater potential for loss and we may be required to increase our allowance for doubtful accounts.

Economic conditions that decrease shipping demand or increase the supply of available tractors and trailers can exert downward pressure on rates and equipment utilization, thereby decreasing asset productivity. The risks associated with these factors are heightened when the US economy is weakened, such as the period from 2007 through 2009. Some of the principal risks during such times, which risks Knight and Swift have experienced during prior recessionary periods, are as follows:

- we may experience a reduction in overall freight levels, which may impair our asset utilization;
- freight patterns may change as supply chains are redesigned, resulting in an imbalance between our capacity and our customers' freight demand;
- customers may experience credit issues and cash flow problems, resulting in an inability to compensate us for rendered services;
- customers may solicit bids for freight from multiple trucking companies or select competitors that offer lower rates from among existing choices in an attempt to lower their costs, and we might be forced to lower our rates or lose freight;
- we may be forced to accept more freight from freight brokers, where freight rates are typically lower, or may be forced to incur more non-revenue miles to obtain loads;
- we may need to incur significantly more non-paid empty miles to obtain loads; and
- lack of access to current sources of credit or lack of lender access to capital, leading to an inability to secure credit financing on satisfactory terms, or at all.

We are also subject to potential increases in various costs and other events that are outside of our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such cost increases include, but are not limited to, fuel and energy prices, driving associate and non-driver employee wages, purchased transportation costs, taxes and interest rates, tolls, license and registration fees, insurance premiums and claims, revenue equipment and related maintenance costs, tires and other components, and healthcare and other benefits for our employees. We could be affected by strikes or other work stoppages at our terminals, or at customer, port, border, or other shipping locations. Further, we may not be able to appropriately adjust our costs and staffing levels to changing market demands. In periods of rapid change, it is more difficult to match our staffing level to our business needs.

Changing impacts of regulatory measures could impair our operating efficiency and productivity, decrease our operating revenues and profitability, and result in higher operating costs. From time-to-time, various US federal, state, or local taxes are also increased, including taxes on fuels. We cannot predict whether, or in what form, any such increase applicable to us will be enacted, but such an increase could adversely affect our results of operations and profitability.

In addition, we cannot predict future economic conditions, fuel price fluctuations, revenue equipment resale values, or how consumer confidence could be affected by actual or threatened armed conflicts or terrorist attacks, government efforts to combat terrorism, military action against a foreign state or group located in a foreign state, or heightened security requirements. Enhanced security measures in connection with such events could impair our operating efficiency and productivity and result in higher operating costs.

We operate in a highly competitive and fragmented industry, and numerous competitive factors could limit growth opportunities and could have a materially adverse effect on our results of operations.

We operate in a highly competitive industry, which includes thousands of trucking and logistics companies. In our truckload operations, we primarily compete with other capacity providers that provide dry van, temperature-controlled, and drayage services similar to those we provide. Less-than-truckload carriers, private carriers, intermodal companies, railroads, logistics, brokerage, and freight forwarding companies compete to a lesser extent with our truckload operations but are direct competitors of our brokerage, intermodal, and logistics operations. We transport or arrange for the transportation of various types of freight, and competition for such freight is based mainly on customer service, efficiency, available capacity and shipment modes, and rates that can be obtained from customers. Such competition in the transportation industry could adversely affect our freight volumes, the freight rates we charge our customers, or profitability and thereby limit our business opportunities. Additional factors may have a materially adverse effect on our results of operations. These factors include the following:

- many of our competitors periodically reduce their freight rates to gain business, especially during times of reduced growth rates in the economy, which may limit our ability to maintain or increase freight rates or maintain or grow profitability of our business;
- many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress freight rates or result in the loss of some of our business to competitors;
- many customers reduce the number of carriers they use by selecting so-called "core carriers" as approved service providers or by engaging dedicated providers, and in some instances we may not be selected;
- some of our customers operate their own private trucking fleets and they may decide to transport more of their own freight;
- the market for qualified drivers is increasingly competitive, and our inability to attract and retain driving associates could reduce our equipment utilization or cause us to increase driving associate compensation, both of which would adversely affect our profitability;
- competition from non-asset-based and other logistics and freight brokerage companies may adversely affect our customer relationships and freight rates;
- the continuing trend toward consolidation in the trucking industry may result in more large carriers with greater financial resources and other competitive advantages, with which we may have difficulty competing;
- economies of scale that procurement aggregation providers may pass on to smaller carriers may improve their ability to compete with us;
- advances in technology may require us to increase investments in order to remain competitive, and our customers may not be willing to accept higher freight rates to cover the cost of these investments;
- the Knight and Swift brand names are valuable assets that are subject to the risk of adverse publicity (whether or not justified),which could result in the loss of value attributable to our brand and reduced demand for our services; and
- higher fuel prices and, in turn, higher fuel surcharges to our customers may cause some of our customers to consider freight transportation alternatives, including rail transportation.

Increased prices for new revenue equipment, design changes of new engines, decreased availability of new revenue equipment, future use of autonomous trucks, and the failure of manufacturers to meet their sale or trade-back obligations to us could have a materially adverse effect on our business, financial condition, results of operations, and profitability.

We are subject to risk with respect to higher prices for new equipment for our truckload operations. We have experienced an increase in prices for new tractors over the past few years, and the resale value of the tractors has not increased to the same extent. Prices have increased and may continue to increase, due to, among other reasons, (1) increases in commodity prices; (2) government regulations applicable to newly manufactured tractors, trailers, and diesel engines; and (3) the pricing discretion of equipment manufacturers. In addition, the engines installed in our newer tractors are subject to emissions control regulations issued by the EPA and certain states. Increased regulation has increased the cost of our new tractors and could impair equipment productivity, in some cases, resulting in lower fuel mileage, and increasing our operating expenses. Further regulations with stricter emissions and efficiency requirements have been proposed that would further increase our costs and impair equipment productivity. These adverse effects, combined with the uncertainty as to the reliability of the vehicles equipped with the newly designed diesel engines and the residual values realized from the disposition of these vehicles, could increase our costs or otherwise adversely affect our business or operations as the regulations become effective. Over the past several years, some manufacturers have significantly increased new equipment prices, in part to meet new engine design and operations requirements. Our business could be harmed if we are unable to continue to obtain an adequate supply of new tractors and trailers for these or other reasons. As a result, we expect to continue to pay increased prices for equipment and incur additional expenses for the foreseeable future. Furthermore, reduced equipment efficiency may result from new engines designed to reduce emissions, thereby increasing our operating expenses.

Tractor and trailer vendors may reduce their manufacturing output in response to lower demand for their products in economic downturns or shortages of component parts. A decrease in vendor output may have a materially adverse effect on our ability to purchase a quantity of new revenue equipment that is sufficient to sustain our desired growth rate and to maintain a late-model fleet. Moreover, an inability to obtain an adequate supply of new tractors or trailers could have a materially adverse effect on our business, financial condition, and results of operations.

We have certain revenue equipment leases and financing arrangements with balloon payments at the end of the lease term equal to the residual value we are contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers. If we do not purchase new equipment that triggers the trade-back obligation, or the equipment manufacturers do not pay the contracted value at the end of the lease term, we could be exposed to losses equal to the excess of the balloon payment owed to the lease or finance company over the proceeds from selling the equipment on the open market.

We have trade-in and repurchase commitments that specify, among other things, what our primary equipment vendors will pay us for disposal of a substantial portion of our revenue equipment. The prices we expect to receive under these arrangements may be higher than the prices we would receive in the open market. We may suffer a financial loss upon disposition of our equipment if these vendors refuse or are unable to meet their financial obligations under these agreements, we do not enter into definitive agreements that reflect favorable equipment replacement or trade-in terms, we fail to or are unable to enter into similar arrangements in the future, or we do not purchase the number of new replacement units from the vendors required for such trade-ins.

Used equipment prices are subject to substantial fluctuations based on freight demand, supply of used trucks, availability of financing, presence of buyers for export, and commodity prices for scrap metal. These and any impacts of a depressed market for used equipment could require us to dispose of our revenue equipment below the carrying value. This leads to losses on disposal or impairments of revenue equipment, when not otherwise protected by residual value arrangements. Deteriorations of resale prices or trades at depressed values could cause more losses on disposal or impairment charges in future periods.

Declines in demand for our used revenue equipment could result in decreased equipment sales, resale values, and gains on sales of assets.

We are sensitive to the used equipment market and fluctuations in prices and demand for tractors and trailers. Through certain subsidiaries, we sell our used company-owned tractors and trailers that we do not trade-in to manufacturers. The market for used equipment is affected by several factors, including the demand for freight, the supply of used equipment, the availability of financing, the presence of buyers for export to foreign countries, and commodity prices for scrap metal. Declines in demand for the used equipment we sell could result in diminished sale volumes or lower used equipment sales prices, either of which could negatively affect our gains on sales of assets.

If fuel prices increase significantly, our results of operations could be adversely affected.

Our truckload operations are dependent upon diesel fuel, and accordingly, significant increases in diesel fuel costs could materially and adversely affect our results of operations and financial condition if we are unable to pass increased costs on to customers through rate increases or fuel surcharges. Prices and availability of petroleum products are subject to political, economic, geographic, weather-related, and market factors that are generally outside our control and each of which may lead to fluctuations in the cost of fuel. Fuel prices are also affected by the rising demand for fuel in developing countries, and could be materially adversely affected by the use of crude oil and oil reserves for purposes other than fuel production and by diminished drilling activity. Such events may lead not only to increases in fuel prices, but also to fuel shortages and disruptions in the fuel supply chain.

We use a number of strategies to mitigate fuel expense, which is one of our largest operating expenses. We purchase bulk fuel at many of our terminals and utilize a fuel optimizer to identify the most cost effective fuel centers to purchase fuel over-the-road. We manage our fuel miles per gallon with a focus on reducing idle time, managing out-of-route miles, and improving the driving habits of our driving associates. We also continue to update our fleet with more fuel efficient, EPA emission-compliant post-2014 model engines, and to install aerodynamic devices on our tractors and trailers, which lead to fuel efficiency improvements. Fuel is also subject to regional pricing differences and often costs more on the West Coast and in the Northeast, where we have significant operations. We use a fuel surcharge program to recapture a portion, but not all, of the increases in fuel prices over a base rate negotiated with our customers. Our fuel surcharge program does not protect us against the full effect of increases in fuel prices. The terms of each customer's fuel surcharge agreements vary and customers may seek to modify the terms of their fuel surcharge agreements to minimize recoverability for fuel price increases. In addition, because our fuel surcharge recovery lags behind changes in fuel prices, our fuel surcharge recovery may not capture the increased costs we pay for fuel, especially when prices are rising. This could lead to fluctuations in our levels of reimbursement, which have occurred in the past. During periods of low freight volumes, shippers can use their negotiating leverage to impose less robust fuel surcharge policies. There is no assurance that such fuel surcharges can be maintained indefinitely or will be sufficiently effective. Our results of operations would be negatively affected to the extent we cannot recover higher fuel costs or fail to improve our fuel price protection through our fuel surcharge program. Increases in fuel prices, or a shortage or rationing of diesel fuel, could also materially and adversely affect our results of operations.

We have not historically used derivatives to mitigate volatility in our fuel costs, but we periodically evaluate the benefits of employing this strategy. As of December 31, 2017, we did not have any derivative financial instruments to reduce our exposure to fuel price fluctuations. To mitigate the impact of rising fuel costs, we contract with some of our fuel suppliers to buy fuel at a fixed price or within banded pricing for a specified period, usually not exceeding twelve months. However, this only covers a small portion of our fuel consumption. Accordingly, fuel price fluctuations may still negatively impact us.

We are subject to certain risks arising from doing business in Mexico.

We have growing operations in Mexico, through our wholly owned subsidiary, Trans-Mex, which subjects us to general international business risks, including:

- foreign currency fluctuation;
- changes in Mexico's economic strength;
- difficulties in enforcing contractual obligations and intellectual property rights;
- burdens of complying with a wide variety of international and United States export, import, business procurement, transparency, and corruption laws, including the US Foreign Corrupt Practices Act;
- changes in trade agreements and United States-Mexico relations;
- theft or vandalism of our revenue equipment; and
- social, political, and economic instability.

In addition, if we are unable to maintain our Free and Secure Trade ("FAST"), Business Alliance for Secure Commerce ("BASC"), and C-TPAT status, we may have significant border delays. This could cause our Mexican operations to be less efficient than those of competing capacity providers that have FAST, BASC, and C-TPAT status and operate in Mexico. We also face additional risks associated with our foreign operations, including restrictive trade policies and duties, taxes, or government royalties imposed by the Mexican government, to the extent not preempted by the terms of the North American Free Trade Agreement.

We may not make acquisitions in the future, or if we do, we may not be successful in our acquisition strategy.

Historically, acquisitions were a part of Knight's and Swift's growth strategies. There is no assurance that we will be successful in identifying, negotiating, or consummating any future acquisitions. If we do not make any future acquisitions, our growth rate could be materially and adversely affected. Any future acquisitions we undertake could involve issuing dilutive equity securities or incurring indebtedness. In addition, acquisitions involve numerous risks, any of which could have a materially adverse effect on our business and results of operations, including:

- the acquired company may not achieve anticipated revenue, earnings, or cash flow;
- we may assume liabilities beyond our estimates or what was disclosed to us;
- we may be unable to assimilate or integrate the acquired company's operations or assets into our business successfully and realize the anticipated economic, operational, and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical, or financial problems;
- diverting our management's attention from other business concerns;
- risks of entering into markets in which we have had no or only limited direct experience; and
- the potential loss of customers, key employees, or driving associates of the acquired company.

We may face business uncertainties related to the 2017 Merger that could adversely affect our businesses and operations.

Uncertainty about the effect of the 2017 Merger and integration of Knight's and Swift's businesses on employees, customers, and driving associates may have an adverse effect on us. These uncertainties may impair our ability to attract, retain, and motivate personnel for a period of time following the 2017 Merger, and could cause customers and others who formerly dealt with Knight and Swift separately to seek to change existing business relationships with us. Employee and driving associate retention may be challenging during the transition period, as employees and driving associates may experience uncertainty about their future roles. If employees or driving associates depart because of issues related to the uncertainty and difficulty of integration or a desire not to remain with us, our business and results of operations could be adversely affected.

Efforts to integrate Knight and Swift businesses may disrupt attention of our management from ongoing business operations.

We expect to continue to expend significant management resources to integrate Knight's and Swift's businesses. Management's attention may be diverted away from our day-to-day operations, as we continue to implement initiatives to improve performance in 2018, and execute existing business plans in an effort to complete the combination. This diversion of management resources could disrupt our operations and may have an adverse effect on our business, financial condition, and results of operations.

We may fail to realize all of the anticipated benefits of the 2017 Merger or those benefits may take longer to realize than expected. We may also encounter significant difficulties in integrating Knight's and Swift's businesses.

Our ability to realize the anticipated benefits of the 2017 Merger will depend, to a large extent, on our ability to operate the Knight and Swift businesses together in a manner that realizes anticipated synergies. In order to achieve these expected benefits, we must successfully operate the businesses of Knight and Swift without adversely affecting current revenues and investments in future growth. If we are unable to successfully achieve these objectives, the anticipated benefits of the 2017 Merger may not be realized fully or at all or may take longer to realize than expected.

In connection with the 2017 Merger, Knight and Swift prepared and considered internal financial forecasts for Knight and Swift. These financial projections included assumptions regarding future operating cash flows, expenditures, and income of Knight and Swift. These financial projections were not prepared with a view to public disclosure, are subject to significant economic, competitive, industry, and other uncertainties, and may not be achieved in full, at all, or within projected timeframes. The failure of Knight or Swift to achieve projected results could have a material adverse effect on the market price of our Class A common stock, our financial position, and our ability to pay dividends in the future.

In addition, the continued operation of two independent businesses within one company is a complex, costly, and time-consuming process. As a result, we will be required to devote significant management attention and resources to coordinating their business practices and operations. This process may disrupt the businesses. The failure to meet the challenges involved in operating the two businesses within one company and to realize the anticipated benefits of the 2017 Merger could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations. The integration of Knight's and Swift's businesses may also result in material unanticipated problems, expenses, liabilities, competitive responses, and loss of customer and other business relationships or other adverse reactions. The difficulties of combining the operations of the companies include, among others:

- difficulties in integrating functions, personnel, and systems;
- challenges in conforming standards, controls, procedures, and accounting and other policies, business cultures, and compensation structures between the two companies;
- difficulties in integrating the internal controls over financial reporting of Swift into our internal controls;
- difficulties in assimilating driving associates and employees and in attracting and retaining key personnel;
- challenges in retaining existing customers and obtaining new customers;
- difficulties in achieving anticipated cost savings, synergies, business opportunities, and growth prospects from the combination;
- difficulties in managing multiple brands under a significantly larger and more complex company;
- contingent liabilities that are larger than expected; and
- potential unknown liabilities, adverse consequences, and unforeseen increased expenses associated with the 2017 Merger.

Many of these factors are outside of our control and any one of them could result in increased costs, decreased expected revenues and diversion of management time and energy, which could materially impact our business, financial condition, and results of operations. In addition, even if the businesses of Knight and Swift are operated successfully within one company, the full benefits of the transaction may not be realized, including the synergies that are expected. These benefits may not be achieved within the anticipated time frame, or at all. Further, additional unanticipated costs may be incurred in operating the businesses of Knight and Swift. Additionally, given the timing of the 2017 Merger and the relative size of and complexity of Swift, our management's annual report on our internal control over financial reporting and our independent registered public accounting firm's attestation report on the effectiveness of our internal control over financial reporting for 2017 excludes Swift's internal controls over financial reporting. All of these factors could cause dilution to our earnings per share, decrease or delay the expected accretive effect of the 2017 Merger and negatively impact the market price of our Class A common stock. As a result, it cannot be assured that the combination of Knight and Swift will result in the realization of the full benefits anticipated from the 2017 Merger within the anticipated time frames, or at all.

We may continue to incur direct and indirect costs as a result of the 2017 Merger.

We may continue to incur expenses in connection with and as a result of consummating the 2017 Merger and in connection with coordinating and, in certain cases, combining the businesses, operations, and policies and procedures of Knight and Swift. The expenses that may be incurred, by their nature, are difficult to estimate accurately. These expenses may exceed the costs historically borne by Knight and Swift. These costs could adversely affect our financial condition and results of operations.

Operational Risk

We may not grow substantially in the future and we may not be successful in sustaining or improving our profitability.

There is no assurance that in the future, our business will grow substantially or without volatility, nor can we assure you that we will be able to effectively adapt our management, administrative, and operational systems to respond to any future growth. Furthermore, there is no assurance that our operating margins will not be adversely affected by future changes in and expansion of our business or by changes in economic conditions or that we will be able to sustain or improve our profitability in the future.

We have terminals throughout the United States that serve markets in various regions. These operations require the commitment of additional personnel and revenue equipment, as well as management resources, for future development. Should the growth in our operations stagnate or decline, our results of operations could be adversely affected. If we expand, it may become more difficult to identify large cities that can support a terminal, and we may expand into smaller cities where there is insufficient economic activity, fewer opportunities for growth, and fewer driving non-driving associates to support the terminal. We may encounter operating conditions in these new markets, as well as our current markets, that differ substantially from our current operations, and customer relationships and appropriate freight rates in new markets could be challenging to attain. We may not be able to duplicate or sustain our operating strategy successfully throughout, or possibly outside of, the United States, and establishing terminals and operations in new markets could require more time or resources, or a more substantial financial commitment than anticipated.

Furthermore, the continued progression and development of our brokerage and logistics businesses are subject to the risks inherent in entering and cultivating new lines of business, including, but not limited to, (1) initial unfamiliarity with pricing, service, operational, and liability issues; (2) customer relationships may be difficult to obtain or we may have to reduce rates to gain and develop customer relationships; (3) specialized equipment and information and management systems technology may not be adequately utilized; (4) insurance and claims may exceed our past experience or estimations; and (5) we may be unable to recruit and retain qualified personnel and management with requisite experience or knowledge of our brokerage and logistics services.

We derive a significant portion of our revenues from our major customers, the loss of one or more of which could have a materially adverse effect on our business.

We strive to maintain a diverse customer base; however, a significant portion of our operating revenue is generated from a number of major customers, the loss of one or more of which could have a materially adverse effect on our business. Refer to Part I, Item 1, "Business" for information regarding our customer concentrations. Aside from our dedicated operations, we generally do not have long-term contractual relationships or rate agreements or minimum volume guarantees with our customers. Furthermore, certain of the long-term contracts in our dedicated operations are subject to cancellation. Accordingly, we cannot assure you that our customer relationships will continue as presently in effect or that we will receive our current customer rate or volume levels in the future.

Economic conditions and capital markets may adversely affect our customers and their ability to remain solvent. Retail and discount retail customers account for a substantial portion of our freight. Accordingly, our results may be more susceptible to trends in unemployment and retail sales than carriers that do not have this concentration.

While we review and monitor the financial condition of our key customers on an ongoing basis to determine whether to provide services on credit, our customers' financial difficulties could nevertheless negatively impact our results of operations and financial condition, especially if these customers were to delay or default on payments to us. For our multi-year and dedicated contracts, the rates we charge may not remain advantageous. A reduction in or termination of our services by one or more of our major customers could have a materially adverse effect on our business and results of operations.

Difficulty in obtaining goods and services from our vendors and suppliers could adversely affect our business.

We are dependent upon our vendors and suppliers for certain products and materials. We believe that we have positive vendor and supplier relationships and are generally able to obtain favorable pricing and other terms from such parties. If we fail to maintain amenable relationships with our vendors and suppliers, or if our vendors and suppliers are unable to provide the products and materials we need or undergo financial hardship, we could experience difficulty in obtaining needed goods and services because of production interruptions, limited material availability, or other reasons. Subsequently, our business and operations could be adversely affected.

We depend on third-party capacity providers, and service instability from these transportation providers could increase our operating costs, reduce our ability to offer intermodal and brokerage services, and limit growth in our brokerage and logistics operations, which could adversely affect our revenue, results of operations, and customer relationships.

Our intermodal operations use railroads and some third-party drayage carriers to transport freight for our customers, and intermodal dependence on railroads could increase as intermodal services expand. In certain markets, rail service is limited to a few railroads or even a single railroad. Recently, many intermodal providers experienced poor service from providers of rail-based services. Our ability to provide intermodal services in certain traffic lanes would be reduced or eliminated if the railroads' services became unstable. Railroads with which we have, or in the future may have, contractual relationships could reduce their services in the future, which could increase the cost of the rail-based services we provide and could reduce the reliability, timeliness, efficiency, and overall attractiveness of our rail-based intermodal services. Furthermore, railroads increase shipping rates as market conditions permit. Price increases could result in higher costs to us, which we may be unable to pass on to our customers and could result in the reduction or elimination of our ability to offer intermodal services. In addition, we may not be able to negotiate additional contracts with railroads to expand our capacity, add additional routes, obtain multiple providers, or obtain railroad services at current cost levels, any of which could limit our ability to provide this service. Our intermodal operations could also be adversely affected by a work stoppage at one or more railroads or by adverse weather conditions or other factors that hinder the railroads' ability to provide reliable service.

Our brokerage and logistics operations are dependent upon the services of third-party capacity providers, including other capacity providers. These third-party providers may seek other freight opportunities and may require increased compensation in times of improved freight demand or tight truckload capacity. Our third-party capacity providers may also be affected by certain factors to which our driving associates and independent contractors are subject, including, but not limited to, changing workforce demographics, alternative employment opportunities, varying freight market conditions, trucking industry regulations, and limited availability of equipment financing. Most of our third-party capacity provider transportation services contracts are cancelable on 30 days' notice or less. If we are unable to secure the services of these third-parties, or if we become subject to increases in the prices we must pay to secure such services, and we are not able to obtain corresponding customer rate increases, our business, financial condition, and results of operations may be materially adversely affected.

If we are unable to recruit, develop, and retain our key employees, our business, financial condition, and results of operations could be adversely affected.

We are highly dependent upon the services of certain key employees, including, but not limited to, our team of executive officers and terminal managers. We believe our team of executive officers possesses valuable knowledge about the trucking industry and their knowledge of and relationships with our key customers and vendors would be difficult to replicate. We currently do not have employment agreements with most of our key employees or executive officers, and the loss of any of their services or inadequate succession planning could negatively impact our operations and future profitability. Additionally, because of our regional operating strategy, we must continue to recruit, develop, and retain skilled and experienced terminal managers. Failure to recruit, develop, and retain a core group of terminal managers could have an adverse effect on our results of operations.

Increases in driving associate compensation or difficulties attracting and retaining qualified driving associates could have a materially adverse effect on our profitability and the ability to maintain or grow our fleet.

With respect to our trucking services, difficulty in attracting and retaining sufficient numbers of qualified driving associates, which includes the engagement of independent contractors, in our truckload operations, and third-party capacity providers in our brokerage and logistics operations, could have a materially adverse effect on our growth and profitability. The truckload transportation industry is subject to a shortage of qualified driving associates. Such shortage is exacerbated during periods of economic expansion, in which alternative employment opportunities are more plentiful and freight demand increases, or during periods of economic downturns, in which unemployment benefits might be extended and financing is limited for independent contractors who seek to purchase equipment or for students who seek financial aid for driving school. Regulatory requirements, including those related to safety ratings, ELDs, hours-of-service changes, and drug and alcohol testing, could further reduce the number of eligible driving associates or force us to increase driving associate compensation to attract and retain driving associates. We have seen evidence that stricter hours-of-service regulations adopted by the DOT in the past have tightened, and to the extent new regulations are enacted, may continue to tighten, the market for eligible driving associates. We believe the required implementation of ELDs has tightened and may further tighten the market. We believe the shortage of qualified driving associates and intense competition for driving associates from other trucking companies will create difficulties in maintaining or increasing the number of driving associates and may restrain our ability to engage a sufficient number of driving associates and independent contractors; our inability to do so may negatively affect our operations. Further, the compensation we offer our driving associates and independent contractor expenses are subject to market conditions. We have increased these rates in recent years and we may find it necessary to increase driving associate and independent contractor contracted rates in future periods.

Our independent contractors and third-party capacity providers are responsible for paying for their own equipment, fuel, and other operating costs, and significant increases in these costs could cause them to seek higher contracted rates from us or seek other opportunities within or outside the trucking industry. In addition, we and many others suffer from a high turnover rate of driving associates and independent contractors. This high turnover rate requires us to continually recruit a substantial number of driving associates and independent contractors in order to operate existing revenue equipment and maintain our independent contractor fleet. If we are unable to continue to attract and contract with driving associates, independent contractors, and third-party capacity providers, we could be forced to, among other things, limit our growth, decrease the number of our tractors in service, adjust our driving associate compensation package or independent contractor contracted rates, or pay higher rates to third-party capacity providers, which could adversely affect our profitability and results of operations if not offset by a corresponding increase in customer rates.

Our contractual agreements with independent contractors expose us to risks that we do not face with our company driving associates.

Our financing subsidiaries offer financing to some of the independent contractors we contract with to purchase or lease tractors from us. If these independent contractors default or experience a lease termination in conjunction with these agreements and we cannot replace them, we may incur losses on amounts owed to us. Also, if liquidity constraints or other restrictions prevent us from providing financing to the independent contractors we contract with in the future, then we could experience a shortage of independent contractors.

Pursuant to our fuel reimbursement program with independent contractors, when fuel prices increase above a certain level, we share the cost with the independent contractors we contract with in order to mute the impact that increasing fuel prices may have on their business operations. A significant increase or rapid fluctuation in fuel prices could cause our reimbursement costs under this program to be higher than the revenue we receive from our customers under our fuel surcharge programs.

Independent contractors are third-party service providers, as compared to company driving associates, who are employed by us. As independent business owners, the independent contractors we contract with may make business or personal decisions that conflict with our best interests. For example, if a load is unprofitable, route distance is too far from home, personal scheduling conflicts arise, or for other reasons, independent contractors may deny loads of freight from time-to-time. In these circumstances, we must be able to timely deliver the freight in order to maintain relationships with customers.

We are dependent on management information and communications systems, and significant systems disruptions could adversely affect our business.

Our business depends on the efficient, stable, and uninterrupted operation of our management information and communications systems. Some of our key software, hardware systems, and infrastructure were developed internally or by adapting purchased software applications and hardware to suit our needs. Our management information and communication systems are used in various aspects of our business, including but not limited to load planning and receiving, dispatch of driving associates and third-party capacity providers, customer billing, producing productivity, financial and other reports, and other general functions and purposes. If any of our critical information or communications systems fail or become unavailable, we could have to perform certain functions manually, which could temporarily affect the efficiency and effectiveness of our operations. Our operations and those of our technology and communications service providers are vulnerable to interruption by natural disaster, fire, power loss, telecommunications failure, terrorist attacks, internet failures, computer viruses, malware, hacking, and other events beyond our control. More sophisticated and frequent cyber-attacks in recent years have also increased security risks associated with information technology systems. We maintain information security policies to protect our information, computer systems, and data from cyber security threats, breaches, and other such events. We currently maintain our primary computer hardware systems at Knight's and Swift's headquarters, both located in Phoenix, Arizona, along with computer equipment at each of our terminals. In an attempt to reduce the risk of disruption to our business operations should a disaster occur, we have redundant computer systems and networks and the capability to deploy these back-up systems from an off-site alternate location. We believe that any such disruption would be minimal, moderate, or temporary. However, we cannot predict the likelihood or extent to which such alternate location or our information and communication systems would be affected. Our business and operations could be adversely affected in the event of a system failure, disruption, or security breach that causes a delay, interruption, or impairment of our services and operations.

We receive and transmit confidential data with and among our customers, driving associates, vendors, employees, and service providers in the normal course of business. Despite our implementation of secure transmission techniques, internal data security measures, and monitoring tools, our information and communication systems are vulnerable to disruption of communications with our customers, driving associates, vendors, employees, and service providers and access, viewing, misappropriation, altering, or deleting information in our systems, including customer, driving associate, vendor, employee, and service provider information and our proprietary business information. A security breach could damage our business operations and reputation and could cause us to incur costs associated with repairing our systems, increased security, customer notifications, lost operating revenue, litigation, regulatory action, and reputational damage.

Seasonality and the impact of weather and other catastrophic events affect our operations and profitability.

Our tractor productivity decreases during the winter season because inclement weather impedes operations, and some shippers reduce their shipments after the winter holiday season. Revenue can be affected by bad weather and holidays, since revenue is directly related to available working days of shippers. At the same time, operating expenses increase because of harsh weather creating higher accident frequency, increased claims, and more equipment repairs, and fuel efficiency declines because of increased engine idling. In addition, some of our customers demand additional capacity during the fourth quarter, which could limit our ability to take advantage of more attractive spot market rates that generally exist during such periods. Further, despite our efforts to meet such demands, we may fail to do so, which may result in lost future business opportunities with such customers, which could have an adverse effect on our operations. We may also suffer from weather-related or other unforeseen events such as tornadoes, hurricanes, blizzards, ice storms, floods, fires, earthquakes, and explosions. These events may disrupt fuel supplies, increase fuel costs, disrupt freight shipments or routes, affect regional economies, destroy our assets, or adversely affect the business or financial condition of our customers, any of which could have a materially adverse effect on our results of operations or make our results of operations more volatile.

Insurance and claims expenses could significantly reduce our earnings.

Our future insurance and claims expense might exceed historical levels, which could reduce our earnings. We self-insure or insure through our captive insurance companies a significant portion of our claims exposure resulting from workers' compensation, auto liability, general liability, cargo and property damage claims, as well as Knight's employee health insurance, which could increase the volatility of, and decrease the amount of, our earnings, and could have a materially adverse effect on our results of operations. Prior to the 2017 Merger, Knight's auto liability self-insured retention was $1.0 million per occurrence and Swift's was $10.0 million per occurrence. Such self-insured retention levels continue at our Knight and Swift businesses following the 2017 Merger. Higher self-insured retention levels may increase the impact of auto liability occurrences on our results of operations. We are also responsible for our legal expenses relating to such claims. We reserve for anticipated losses and expenses and periodically evaluate and adjust our claims reserves to reflect our experience. Estimating the number and severity of claims, as well as related judgment or settlement amounts, is inherently difficult. This, along with legal expenses, incurred but not reported claims, and other uncertainties can cause unfavorable differences between actual self-insurance costs and our reserve estimates. Accordingly, ultimate results may differ from our estimates, which could result in losses over our reserved amounts.

We maintain insurance with licensed insurance carriers above the amounts in which we self-insure. Although we believe our aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that the amount of one or more claims could exceed our aggregate coverage limits. If any claim were to exceed our coverage, we would bear the excess, in addition to our other self-insured amounts. Insurance carriers have raised premiums for many businesses, including transportation companies. As a result, our insurance and claims expense could increase, or we could raise our self-insured retention when our policies are renewed or replaced. Our results of operations and financial condition could be materially and adversely affected if (1) cost per claim, premiums, or the number of claims significantly exceeds our coverage limits or retention amounts; (2) we experience a claim in excess of our coverage limits; (3) our insurance carriers fail to pay on our insurance claims; or (4) we experience a claim for which coverage is not provided.

Healthcare legislation and inflationary cost increases also could negatively impact financial results by increasing annual employee healthcare costs. We cannot presently determine the extent of the impact such increased healthcare costs will have on our financial performance. In addition, rising healthcare costs could force us to make changes to existing benefit programs, which could negatively impact our ability to attract and retain employees.

Insuring risk through our captive insurance companies could adversely impact our operations.

We insure a portion of our risk through our captive insurance companies, Mohave and Red Rock. In addition to insuring portions of our own risk, Mohave provides reinsurance coverage to third-party insurance companies associated with our affiliated companies' independent contractors. Red Rock insures a share of our automobile liability risk. The insurance and reinsurance markets are subject to market pressures. Our captive insurance companies' abilities or needs to access the reinsurance markets may involve the retention of additional risk, which could expose us to volatility in claims expenses.

To comply with certain state insurance regulatory requirements, cash and cash equivalents must be paid to Red Rock and Mohave as capital investments and insurance premiums, to be restricted as collateral for anticipated losses. The restricted cash is used for payment of insured claims. In the future, we may continue to insure our automobile liability risk through our captive insurance subsidiaries, which will cause increases in the required amount of our restricted cash or other collateral, such as letters of credit. Significant increases in the amount of collateral required by third-party insurance carriers and regulators would reduce our liquidity.

Compliance Risk

We operate in a highly regulated industry, and changes in existing regulations or violations of existing or future regulations could have a materially adverse effect on our operations and profitability.

We have authority to operate in the United States, as granted by the DOT, Mexico (as granted by the Secretaría de Comunicaciones y Transportes), and various Canadian provinces (as granted by the Ministries of Transportation and Communication in such provinces). In the United States, we are also regulated by the EPA, United States Department of Homeland Security, and other agencies in states in which we operate. Our company driving associates, independent contractors, and third-party capacity providers also must comply with the applicable safety and fitness regulations of the DOT, including those relating to drug and alcohol testing, driver safety performance, and hours-of-service. Matters such as weight, equipment dimensions, exhaust emissions, and fuel efficiency are also subject to government regulations. We also may become subject to new or more restrictive regulations relating to fuel efficiency, exhaust emissions, hours-of-service, drug and alcohol testing, ergonomics, on-board reporting of operations, collective bargaining, security at ports, speed limiters, driver training, and other matters affecting safety or operating methods. Future laws and regulations may be more stringent, require changes in our operating practices, influence the demand for transportation services, or require us to incur significant additional costs. Higher costs incurred by us, or by our suppliers who pass the costs onto us through higher supplies and materials pricing, could adversely affect our results of operations. In addition, the Trump administration has indicated a desire to reduce regulatory burdens that constrain growth and productivity, and also to introduce legislation such as infrastructure spending, that could improve growth and productivity. Changes in regulations, such as those related to trailer size and gross vehicle weight limits, hours-of-service, mandating ELDs, and drug and alcohol testing, could increase capacity in the industry or improve the position of certain competitors, either of which could negatively impact pricing and volumes, or require additional investments by us. The short and long term impacts of changes in legislation or regulations are difficult to predict and could materially adversely affect our operations.

Our lease contracts with independent contractors are governed by federal leasing regulations, which impose specific requirements on us and the independent contractors. In the past, Swift has been the subject of lawsuits, alleging violations of lease agreements or failure to follow the contractual terms, some of which resulted in adverse decisions against Swift. We could be subjected to similar lawsuits and decisions in the future, which if determined adversely to us, could have an adverse effect on our financial condition.

In December 2016, the FMCSA established new minimum training standards for certain individuals applying for (or upgrading) a Class A or Class B commercial driver's license, or obtaining a hazardous materials, passenger, or school bus endorsement on their commercial driver's license for the first time. These individuals must complete a prescribed program of theory and behind-the wheel instruction. The final rule requires that behind-the-wheel proficiency of an entry-level truck driver be determined solely by the instructor's evaluation of how well the driver-trainee performs the fundamental vehicle controls skills and driving procedures set forth in the curricula, but does not have a minimum training hours requirement, as proposed by the FMCSA earlier in 2016. The final rule went into effect in February 2017, with a compliance date of February 7, 2020. Upon the compliance date, training schools, including the driving academies we operate, will be required to register with the FMCSA's Training Provider Registry and certify that their program meets the classroom and driving standards.

"Regulation" in Part I, Item 1 of this Annual Report, discusses in detail several proposed, pending, suspended, and final regulations that could materially impact our business and operations.

The CSA program adopted by the FMCSA could adversely affect our profitability and operations, our ability to maintain or grow our fleet, and our customer relationships.

Under CSA, fleets are evaluated and ranked against their peers based on certain safety-related standards. As a result, our fleet could be ranked poorly as compared to our peer carriers. We recruit and retain first-time driving associates to be part of our fleet, and these driving associates may have a higher likelihood of creating adverse safety events under CSA. The occurrence of future deficiencies could affect driving associate recruitment by causing high-quality driving associates to seek employment with other carriers or limit the pool of available driving associates or could cause our customers to direct their business away from us and to carriers with higher fleet safety rankings, either of which would adversely affect our business, financial condition and results of operations. Additionally, competition for driving associates with favorable safety backgrounds may increase, which could necessitate increases in driving associate-related compensation costs. Further, we may incur greater than expected expenses in our attempts to improve unfavorable scores.

In December 2015, Congress passed a new highway funding bill called Fixing America's Surface Transportation Act (the "FAST Act"), which calls for significant CSA reform. The FAST Act directs the FMCSA to conduct studies of the scoring system used to generate CSA rankings to determine if it is effective in identifying high-risk carriers and predicting future crash risk. This study was conducted and delivered to the FMCSA in June 2017 with several recommendations to make the CSA program more fair, accurate, and reliable. The FMCSA is expected to provide its report to Congress outlining the changes it will make to the CSA program in response to the study. It is unclear if, when, and to what extent any such changes will occur. However, any changes that increase the likelihood of us receiving unfavorable scores could adversely affect our results of operations and profitability.

Receipt of an unfavorable DOT safety rating could have a materially adverse effect on our operations and profitability.

Each of our subsidiaries with a DOT-issued operating authority currently has a satisfactory DOT rating, which is the highest available rating under the current safety rating scale. If we were to receive a conditional or unsatisfactory DOT safety rating, it could materially adversely affect our business, financial condition, and results of operations, as customer contracts may require a satisfactory DOT safety rating, and a conditional or unsatisfactory rating could materially adversely affect or restrict our operations.

The FMCSA has proposed regulations that would modify the existing rating system and the safety labels assigned to motor carriers evaluated by the DOT. Under regulations that were proposed in 2016, the methodology for determining a carrier's DOT safety rating would be expanded to include the on-road safety performance of the carrier's drivers and equipment, as well as results obtained from investigations. Exceeding certain thresholds based on such performance or results would cause a carrier to receive an unfit safety rating. The proposed regulations were withdrawn in March 2017, but the FMCSA noted that a similar process may be initiated in the future. If similar regulations were enacted and we were to receive an unfit or other negative safety rating, our business would be materially adversely affected in the same manner as if we received a conditional or unsatisfactory safety rating under the current regulations. In addition, poor safety performance could lead to increased risk of liability, increased insurance, maintenance and equipment costs, and potential loss of customers, which could materially adversely affect our business, financial condition, and results of operations.

Compliance with various environmental laws and regulations to which our operations are subject may increase our costs of operations, and non-compliance with such laws and regulations could result in substantial fines or penalties.

In addition to direct regulation by the DOT and related agencies, we are subject to various federal, state, and local environmental laws and regulations dealing with the transportation, storage, discharge, presence, use, disposal, and handling of hazardous materials, wastewater, storm water, waste oil, and fuel storage tanks. We are also subject to various environmental laws and regulations involving air emissions from our equipment and facilities, and discharge and retention of storm water. Our terminals often are located in industrial areas where groundwater or other forms of environmental contamination may have occurred or could occur. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. Certain of our facilities have waste oil or fuel storage tanks and fueling islands. A small percentage of our freight consists of low-grade hazardous substances, which subjects us to a wide array of regulations. We have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations; however, if (1) we are involved in a spill or other accident involving hazardous substances; (2) there are releases of hazardous substances we transport; (3) soil or groundwater contamination is found at our facilities or results from our operations; or (4) we are found to be in violation of or fail to comply with applicable environmental laws or regulations, then we could be subject to clean-up costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and results of operations.

Certain of our terminals are located on or near environmental Superfund sites designated by the EPA and/or state environmental authorities. We have not been identified as a potentially responsible party with regard to any such site. Nevertheless, we could be deemed responsible for clean-up costs.

In addition, tractors and trailers used in our truckload operations have been and are affected by federal, state, and local statutory and regulatory requirements related to air emissions and fuel efficiency, including rules established in 2011 and 2016 by the National Highway Traffic Safety Administration and the EPA and certain states for stricter fuel efficiency standards for heavy trucks, described in detail in "Regulation" in Part I, Item 1 of this Annual Report. In order to reduce exhaust emissions and traffic congestion, some states and municipalities have restricted the locations and amount of time where diesel-powered tractors, such as ours, may idle or travel. These and other similar restrictions could cause us to alter our drivers' behavior and routes, purchase additional auxiliary or other on-board power units to replace or minimize engine power and idling, or experience decreases in productivity. Our tractors and trailers could also be adversely affected by related or similar legislative or regulatory actions in the future.

Developments in labor and employment law and any unionizing efforts by employees could have a materially adverse effect on our results of operations.

Although our only collective bargaining agreement exists at our Mexican subsidiary, Trans-Mex, we always face the risk that our employees will try to unionize. Congress, federal agencies, or one or more states could adopt legislation or regulations significantly affecting our business and our relationship with our employees, such as the previously proposed federal legislation referred to as the "Employee Free Choice Act" that would substantially liberalize the procedures for union organizing. Any attempt to organize by our employees could result in increased legal and other associated costs. Additionally, given the National Labor Relations Board's "speedy election" rule, it would be difficult to timely and effectively address any unionizing efforts. If we entered into a collective bargaining agreement with our domestic employees, the terms could materially adversely affect our costs, efficiency, and ability to generate acceptable returns on the affected operations. If the independent contractors we contract with were ever re-classified as employees, the magnitude of this risk would increase.

In addition, the Department of Labor ("DOL") issued a final rule in 2016 raising the minimum salary basis for executive, administrative, and professional exemptions from overtime payment. The rule increases the minimum salary from the current amount of $23,660 to $47,476 and up to 10% of non-discretionary bonus, commission, and other incentive payments can be counted towards the minimum salary requirement. The rule was scheduled to go into effect on December 1, 2016. However, the rule was temporarily enjoined from going into effect in November 2016, and later invalidated in August 2017, after several states and business groups filed separate lawsuits against the DOL challenging the rule. However, any similar future rule that impacts the way we classify certain positions, increases our payment of overtime wages, or increases the salaries we pay to currently exempt employees to maintain their exempt status, may have an adverse effect on our business, financial condition, and results of operations.

In May 2015, the Supreme Court of the United States refused to grant certiorari to appellees in the United States Court of Appeals for the Ninth Circuit case, Dilts et al. v. Penske Logistics, LLC, et al. Consequently, the Appeals Court decision stands, holding that California state wage and hour laws are not preempted by federal law. As a result, the trucking industry has been confronted with a patchwork of state and local laws, related to employee rest and meal breaks. Further, driver piece rate compensation, which is an industry standard, has been attacked as non-compliant with state minimum wage laws. Both of these issues are adversely impacting us and the industry as a whole, with respect to the practical application of the laws, thereby resulting in additional cost. In our individual capacity, as well as participating with industry trade organizations, we support and actively pursue legislative relief through Congress. Federal legislation has been proposed that would clarify the preemptive scope of federal transportation law and regulations, as originally contemplated by Congress. We believe enacting such legislation would eliminate much of the current wage and hour confusion along with lessening the burden on interstate commerce. However, the passage of such proposed federal legislation is uncertain. Existing state and local laws, as well as new laws adopted in the future, which are not preempted by federal law, may result in increased labor costs, driving associate turnover, reduced operational efficiencies, and amplified legal exposure.

If our independent contractors are deemed by regulators or judicial process to be employees, our business, financial condition, and results of operations could be adversely affected.

Tax and other regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractors in the trucking industry are employees rather than independent contractors for a variety of purposes, including income tax withholding, workers' compensation, wage and hour compensation, unemployment, and other issues. Federal legislators have introduced legislation in the past to make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation to increase the recordkeeping requirements for those that engage independent contractors and to increase the penalties of companies who misclassify their employees as independent contractors and are found to have violated employees' overtime and/or wage requirements. Additionally, federal legislators have sought to abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice, extend the FLSA to independent contractors, and impose notice requirements based upon employment or independent contractor status and fines for failure to comply. Some states adopted initiatives to increase their revenues from items such as unemployment, workers' compensation, and income taxes, and a reclassification of independent contractors as employees would help states with these initiatives. Taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. In addition, carriers such as us that operate or have operated lease-purchase programs have been more susceptible to lawsuits seeking to reclassify independent contractors that have engaged in such programs. If the independent contractors we engage were determined to be our employees, we would incur additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment, insurance, discrimination, and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings. Furthermore, if independent contractors were deemed employees, then certain of our third-party revenue sources, including shop and insurance margins, would be eliminated.

We are party to class actions from time-to-time alleging violations of the FLSA and other state and federal laws and seeking to reclassify independent contractors as employees. Adverse decisions on these or similar matters could adversely affect our results of operations and profitability, particularly if a decision results in exposure that exceeds our related accrual.

Litigation may adversely affect our business, financial condition, and results of operations.

Our business is subject to the risk of litigation by employees, independent contractors, customers, vendors, government agencies, stockholders, and other parties through private actions, class actions, administrative proceedings, regulatory actions, and other processes. Recently, trucking companies, including us, have been subject to lawsuits, including class action lawsuits, alleging violations of various federal and state wage and hour laws regarding, among other things, employee meal breaks, rest periods, overtime eligibility, and failure to pay for all hours worked. A number of these lawsuits have resulted in the payment of substantial settlements or damages by the defendants.

The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend litigation may also be significant. Not all claims are covered by our insurance, and there can be no assurance that our coverage limits will be adequate to cover all amounts in dispute. To the extent we experience claims that are uninsured, exceed our coverage limits, involve significant aggregate use of our self-insured retention amounts, or cause increases in future premiums, the resulting expenses could have a materially adverse effect on our business, results of operations, financial condition, or cash flows.

Our captive insurance companies are subject to substantial government regulation.

Our captive insurance companies are regulated by state authorities. State regulations generally provide protection to policy holders, rather than stockholders, and generally involve:

- approval of premium rates for insurance;
- standards of solvency;
- minimum amounts of statutory capital surplus that must be maintained;
- limitations on types and amounts of investments;
- regulation of dividend payments and other transactions between affiliates;
- regulation of reinsurance;
- regulation of underwriting and marketing practices;
- approval of policy forms;
- methods of accounting; and
- filing of annual and other reports with respect to financial condition and other matters.

These regulations may increase our costs of regulatory compliance, limit our ability to change premiums, restrict our ability to access cash held in our captive insurance companies, and otherwise impede our ability to take actions we deem advisable.

Uncertainties in the interpretation and application of the Tax Cuts and Jobs Act could materially affect our tax obligations and effective tax rate.

On December 22, 2017, the US enacted significant changes to its tax law following the passage of the Tax Cuts and Jobs Act. The new law requires complex computations not previously required by US tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the new law and the accounting for such provisions requires preparation and analysis of information not previously required or regularly produced. In addition, the US Department of Treasury has broad authority to issue regulations and interpretative guidance that may significantly impact how we will apply the law and impact our results of operations in future periods. Accordingly, while we have provided a provisional estimate on the effect of the new law in our consolidated financial statements, further regulatory or GAAP accounting guidance for the law, our further analysis on the application of the law, and refinement of our initial estimates and calculations could materially change our current provisional estimates, which could in turn materially affect our tax obligations and effective tax rate. There are also likely to be significant future impacts that these tax reforms will have on our future financial results and our business strategies. In addition, there is a risk that states or foreign jurisdictions may amend their tax laws in response to these tax reforms, which could have a material impact on our future results.

Financial Risk

We have significant ongoing capital requirements that could affect our profitability if we are unable to generate sufficient cash from operations and obtain financing on favorable terms.

The truckload industry and our truckload operations are capital intensive, and our policy of operating newer equipment requires us to expend significant amounts annually. We expect to pay for projected capital expenditures primarily with cash flows from operations and borrowings under the Revolver. If these sources were insufficient to meet our capital expenditure needs, we would need to seek alternative sources of capital, including additional borrowing or equity capital. In the event that we are unable to generate sufficient cash from operations, maintain compliance with financial and other covenants in our financing agreements, or obtain equity capital or financing on favorable terms in the future, we may have to limit our fleet size, enter into less favorable financing, or operate our revenue equipment for longer periods, any of which could have a materially adverse effect on our operations and profitability.

Credit markets may weaken at some point in the future, which would make it difficult for us to access our current sources of credit and difficult for our lenders to find the capital to fund us. We may need to incur additional debt, or issue debt or equity securities in the future, to refinance existing debt, fund working capital requirements, make investments, or support other business activities. Declines in consumer confidence, decreases in domestic spending, economic contractions, rating agency actions, and other trends in the credit market may impair our future ability to secure financing on satisfactory terms, or at all.

Our leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our debt obligations.

Prior to the 2017 Merger, Knight carried an immaterial amount of long-term debt, while Swift carried a significant amount of long-term debt. Following the 2017 Merger, we continue to carry much of Swift's historical debt, including significant outstanding borrowings on the Term Loan, Revolver, and 2015 RSA . While we believe the combined company is in a better position to service such indebtedness, the indebtedness could place us at a competitive disadvantage compared to our competitors that are less leveraged. This could have negative consequences that include:

- increased vulnerability to adverse economic, industry, or competitive developments;
- cash flows from operations that are committed to payment of principal and interest, thereby reducing our ability to use cash for our operations, capital expenditures, and future business opportunities;
- increased interest rates that would affect our variable rate debt;
- noncompliance with financial covenants, borrowing conditions, and other debt obligations, which could result in an event of default or (where applicable) cross-default;
- non-strategic divestitures or inability to make strategic acquisitions;
- lack of financing for working capital, capital expenditures, product development, debt service requirements, and general corporate or other purposes; and
- limits on our flexibility to plan for, or react to, changes in our business, market conditions, or in the economy.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

As detailed in Note 16 to the consolidated financial statements, included in Part II, Item 8 of this Annual Report, our 2017 Debt Agreement requires compliance with various affirmative, negative, and financial covenants. A breach of any of these covenants could result in default or (when applicable) cross-default. Upon default under our 2017 Debt Agreement, the lenders could elect to declare all outstanding amounts to be immediately due and payable, as well as terminate all commitments to extend further credit. Such actions by those lenders could cause cross-defaults with our other debt agreements. If we were unable to repay those amounts, the lenders could use the collateral granted to satisfy all or part of the debt owed to them. If the lenders accelerated our debt repayments, we might not have sufficient assets to repay all amounts borrowed.

In addition, our 2015 RSA includes certain affirmative and negative covenants and cross default provisions with respect to our 2017 Debt Agreement. Failure to comply with these covenants and provisions may jeopardize our ability to continue to sell receivables under the facility and could negatively impact our liquidity.

We could determine that our goodwill and other indefinite-lived intangibles are impaired, thus recognizing a related loss.

As of December 31, 2017, we had goodwill of $2.9 billion and indefinite-lived intangible assets of $1.4 billion primarily from the 2017 Merger. We evaluate our goodwill and indefinite-lived intangible assets for impairment. We could recognize impairments in the future, and we may never realize the full value of our intangible assets. If these events occur, our profitability and financial condition will suffer.

If our investments in entities are not successful or decrease in market value, we may have to write off or lose the value of a portion or all of our investments, which could have a materially adverse effect on our results of operations.

We have invested, either directly or indirectly through one of our wholly owned subsidiaries, in certain entities that make privately negotiated equity investments, and Knight has in the past recorded impairment charges to reflect the other-than-temporary decreases in the fair value of its portfolio. If the financial position of any such entity declines, we could be required to write down all or part of our investment in that entity, which could have a materially adverse effect on our results of operations.

The market price of our Class A common stock could decline due to the large number of outstanding shares of our Class A common stock eligible for future sale.

Sales of substantial amounts of our Class A common stock in the public market, or the perception that these sales could occur, could cause the market price of our Class A common stock to decline. All shares of our outstanding Class A common stock are freely tradable, except that any shares owned by "affiliates" (as that term is defined in Rule 144 under the Securities Act) may only be sold in compliance with the limitations described in Rule 144 under the Securities Act. These sales also could make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

In addition, we have an aggregate of 4.0 million shares of Class A common stock reserved for issuance under our compensatory and non-compensatory equity incentive plans. Issuances of Class A common stock to our directors, executive officers, and employees through exercise of stock options under our stock plans, or purchases by our executive officers and employees through our 2012 ESPP, dilute a stockholder's interest in the Company.

We may not pay dividends in the future.

Starting in December 2004, and in each consecutive quarter prior to the 2017 Merger, Knight paid a quarterly cash dividend. Prior to the 2017 Merger, Swift did not pay dividends. While it is expected we will pay a quarterly dividend, there is no assurance that we will declare or pay any future dividends or as to the amount or timing of those dividends, if any.

Jerry Moyes and certain of his family members and affiliated entities are significant stockholders and we face certain risks related to their significant ownership and related party transactions with Mr. Moyes.

As of December 31, 2017, Jerry Moyes, together with his family and related entities, beneficially own approximately 24.0% of our outstanding Class A common stock. In addition, Mr. Moyes, together with his family and related entities, have pledged a significant portion of their holdings as collateral for loans and other obligations, including variable prepaid forward contracts, which arrangements could create conflicts of interest and adversely affect or increase volatility in the market price of our Class A common stock. As one of our directors, Mr. Moyes is subject to our stock hedging and pledging policy, which restricts directors and executive officers from engaging in any future pledging or hedging transactions. However, Mr. Moyes, together with his family and related entities, is permitted, notwithstanding this policy, to (1) maintain existing hedging and pledging arrangements and (2) when existing hedging and pledging arrangements become subject to renewal or replacement, hedge or pledge currently hedged or pledged shares and additional shares solely to the extent necessary to renew or replace those existing arrangements. The ability of Mr. Moyes, together with his family and related entities, to hedge and pledge additional shares in connection with any such renewal or replacement could result in the pledging or hedging of a material amount of additional shares. Our stock hedging and pledging policy requires approval of a majority of our directors to be modified. If Mr. Moyes, his family, or related entities were to sell or otherwise transfer all or a large percentage of their holdings (including under circumstances in which they settle these obligations with shares of our Class A common stock or if they default under the pledging arrangements), the market price of our Class A common stock could decline or be volatile.

Mr. Moyes has given personal guarantees to lenders to the various businesses and real estate investments in which he has an ownership interest and, in certain cases, the underlying loans are in default and are in the process of being restructured and/or settled. If Mr. Moyes is otherwise unable to settle or raise the necessary amount of proceeds to satisfy his obligations to such lenders, he may be subject to significant lawsuits and expose his shares of our Class A common stock to creditors.

Mr. Moyes serves as a non-executive Senior Advisor to our Executive Chairman and our Vice Chairman. In this role, Mr. Moyes has access to our Executive Chairman and Vice Chairman, and is better positioned than other stockholders to express his views and opinions regarding our operations and strategic alternatives.

Mr. Moyes and certain of his family members and affiliated entities are contractually obligated to vote shares of our Class A common stock that they hold in excess of 12.5% of our outstanding shares in the manner determined by a voting committee comprised of Mr. Moyes, Kevin Knight, and Gary Knight or their respective appointed successors. However, Mr. Moyes and certain of his family members and affiliated entities are entitled to vote all of their shares of our Class A common stock on any stockholder vote taken to approve a sale of the Company. Consequently, their influence with respect to any such stockholder vote may have the effect of delaying or preventing a change of control, including a merger, consolidation, or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders.

We engage in various transactions with entities controlled by and/or affiliated with Mr. Moyes. Additionally, some entities controlled by Mr. Moyes and certain members of his family operate in the transportation industry, which may create conflicts of interest or require judgments that are disadvantageous to our stockholders in the event we compete for the same freight or other business opportunities. As a result, Mr. Moyes may have interests that conflict with our stockholders.

Additionally, our amended and restated certificate of incorporation contains provisions that specifically relate to prior approval of related party transactions with Mr. Moyes and certain Moyes-affiliated entities. However, we cannot assure that the policy or these provisions will be successful in eliminating conflicts of interest.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our Knight and Swift headquarters are both located in Phoenix, Arizona. Including Knight's former headquarters location, which was re-purposed as a regional operations facility, our combined headquarters cover approximately 200 acres, consisting of about 300 thousand square feet of office space, 150 thousand square feet of repair and maintenance facilities, a twenty thousand square-foot driving associates' center and restaurant, an eight thousand square-foot recruiting and training center, a six thousand square-foot warehouse, a 300-space parking structure, as well as two truck wash and fueling facilities.

We have over 80 locations in the United States and Mexico, including our headquarters, terminals, driving academies, and certain other locations, which are included in the table below. Our terminals may include customer service, marketing, fuel, and/or repair facilities, which are used by our trucking, Knight Logistics, Swift Intermodal, and Swift's non-reportable segments. We also own or lease parcels of vacant land, drop yards, and space for temporary trailer storage for ourselves and other carriers, as well as several non-operating facilities, which are excluded from the table below. As of December 31, 2017, our aggregate monthly rent for all leased properties was approximately $0.9 million with varying terms expiring through December 2053. We believe that substantially all of our property and equipment is in good condition and our facilities have sufficient capacity to meet our current needs.

	Owned/Leased		Brand				
Location	Owned	Leased	Knight	Swift	Barr Nunn	Kold Trans	Total
Arizona	4		2	2			4
California	7	2	3	6			9
Colorado	2		1	1			2
Florida	2	1	1	1	1		3
Georgia	2	1	1	2			3
Idaho	1	2	2	1			3
Illinois	2	1		3			3
Indiana	2		1	1			2
Iowa	1		1				1
Kansas	2		1	1			2
Massachusetts		1		1			1
Mexico	3			3			3
Michigan	1	1	1	1			2
Minnesota	1			1			1
Mississippi	2		2				2
Missouri	1			1			1
Nevada	4		2	2			4
New Jersey	1			1			1
New Mexico	1			1			1
New York	1	1		2			2
North Carolina	2		1		1		2
Ohio	2	1	1	1	1		3
Oklahoma	2		1	1			2
Oregon	2		1	1			2
Pennsylvania	2	2	1	2	1		4
South Carolina	1			1			1
South Dakota		1	1				1
Tennessee	3		1	2			3
Texas	7	1	3	5			8
Utah	2	1	1	1		1	3
Virginia	1			1			1
Washington	2		1	1			2
West Virginia	1			1			1
Wisconsin	1			1			1
Total Properties	68	16	30	49	4	1	84

ITEM 3. LEGAL PROCEEDINGS

We are party to certain lawsuits in the ordinary course of business. Information about our legal proceedings is included in Note 19 in Part II, Item 8 of this Annual Report 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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

Share prices and dividends are different than the amounts disclosed in our selected financial data in Item 6 and in our consolidated financial statements in Item 8 due to the distinction between legal and accounting acquirer as a result of the reverse merger acquisition with Knight. The information prior to the merger date of September 8, 2017 in Item 5 represents historical Swift amounts as Swift was the legal acquirer.

Our Class A common stock trades on the NYSE under the symbol "KNX". Prior to the completion of the 2017 Merger, shares of Swift Class A common stock traded on the NYSE under the symbol "SWFT" while shares of Knight common stock traded on the NYSE under the symbol "KNX." The following table sets forth the high and low sales prices per share of our Class A common stock as reported on the NYSE for the periods indicated. Due to the "reverse acquisition" nature of the 2017 Merger, historical information below through September 8, 2017, reflects the high and low prices of Swift.

2017	High	Low
First quarter (1)	$ 35.00	$ 26.68
Second quarter (1)	37.38	27.61
Third quarter (1)	44.45	34.39
Fourth quarter	44.60	37.10
2016	**High**	**Low**
First quarter (1)	$ 25.92	$ 16.31
Second quarter (1)	26.56	19.88
Third quarter (1)	30.76	21.10
Fourth quarter (1)	37.75	27.10

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(1) Swift's market prices on and prior to September 8, 2017 have been retrospectively adjusted based on the 0.72 reverse stock split completed with the 2017 Merger.

Class A Common Stock — As of December 31, 2017, we had 177,997,640 shares of Class A common stock outstanding. On February 19, 2018, there were 42 holders of record of our Class A common stock. Because many of our shares of Class A common stock are held by brokers or other institutions on behalf of stockholders, we are unable to estimate the total number of individual stockholders represented by the record holders.

Class B Common Stock — There is currently no established trading market for our Class B common stock. As of December 31, 2017, we had no shares of Class B common stock issued and outstanding; however $250,000,000 remained authorized.

Dividend Policy

Prior to the 2017 Merger, Swift did not pay dividends. Following the 2017 Merger, we have paid a quarterly cash dividend, consistent with Knight's historical practice that started in December 2004, and that continued in consecutive quarters since prior to the 2017 Merger. Listed below are the dividends declared and paid by Swift prior to the 2017 Merger and the combined company after the 2017 Merger with respect to the two most recent fiscal years:

Period	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2017 dividend paid per common share	$ —	$ —	$ 0.06	$ 0.06	$ 0.12
2016 dividend paid per common share	$ —	$ —	$ —	$ —	$ —

Our most recent dividend was declared in February of 2018 for $0.06 per share of Class A common stock and is scheduled to be paid in March of 2018.

We currently expect to continue to pay comparable quarterly cash dividends in the future. Future payment of cash dividends, and the amount of any such dividends, will depend upon our financial condition, results of operations, cash requirements, tax treatment, and certain corporate law requirements, as well as other factors deemed relevant by our Board.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

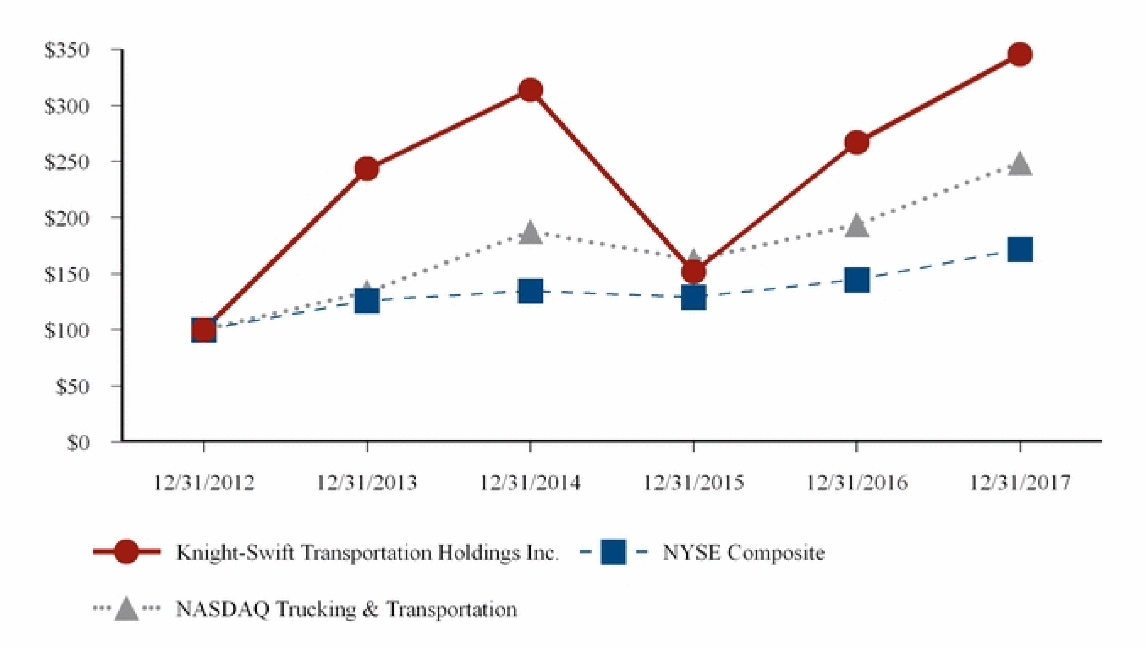
The following table shows our purchases of our Class A common stock and the remaining amounts we are authorized to repurchase for each monthly period in the fourth quarter of 2017.

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)
October 1, 2017 to October 31, 2017	—	$ —	—	$ 62,881,000
November 1, 2017 to November 30, 2017	—	$ —	—	$ 62,881,000
December 1, 2017 to December 31, 2017	—	$ —	—	$ 62,881,000
Total	—	$ —	—	$ 62,881,000

(1) Following the 2017 Merger, the existing Swift Repurchase Plan remained in effect. The Swift Repurchase Plan authorized the Company to repurchase up to $150.0 million of its outstanding Class A common stock. There is no expiration date associated with this share repurchase authorization. See Note 20 in Part II, Item 8 of this Annual Report.

Stockholders Return Performance Graph

The following graph compares the cumulative annual total return of stockholders from December 31, 2012 to December 31, 2017 of our stock relative to the cumulative total returns of the NYSE Composite index and an index of other companies within the trucking industry (*NASDAQ Trucking & Transportation*) over the same period. The graph assumes that the value of the investment in Swift's common stock and in each of the indexes (including reinvestment of dividends) was $100 on December 31, 2012, and tracks it through December 31, 2017. The stock price performance included in this graph is not necessarily indicative of Knight-Swift's future stock price performance.



	December 31,					
	2012	2013	2014	2015	2016	2017
Knight-Swift Transportation Holdings Inc.	$ 100.00	$ 243.53	$ 313.93	$ 151.54	$ 267.11	$ 345.64
NYSE Composite	100.00	126.28	134.81	129.29	144.73	171.83
NASDAQ Trucking & Transportation	100.00	133.76	187.65	162.30	193.79	248.92

ITEM 6. SELECTED FINANCIAL DATA

The information presented below is derived from our audited consolidated financial statements, included elsewhere in this report, except for 2013 and 2014, which were previously reported. Due to the "reverse acquisition" nature of the 2017 Merger, the historical financial statements of legacy Knight have replaced the historical financial statements of legacy Swift. In management's opinion, all necessary adjustments for the fair presentation of the information outlined in these financial statements have been applied. The selected financial data for 2017, 2016, and 2015 should be read alongside the consolidated financial statements and accompanying footnotes in Part II, Item 8 of this Annual Report.

Note: Factors that materially affect the comparability of the data for 2015 through 2017 are discussed in Part II, Item 7 of this Annual Report. Factors that materially affect the comparability of the selected financial data for 2013 and 2014 are set forth below the table.

The following table highlights key measures of the Company's financial condition and results of operations (dollars in thousands, except per share amounts and operating data):

Consolidated income statement GAAP data (1):	2017	2016	2015	2014 (8)	2013
Total revenue	$ 2,425,453	$ 1,118,034	$ 1,182,964	$ 1,102,332	$ 969,237
Operating expenses	2,224,823	969,555	1,004,964	939,610	855,328
Operating income	200,630	148,479	178,000	162,722	113,909
Interest income & other income	1,765	5,248	9,502	9,838	3,257
Interest expense	(8,686)	(897)	(998)	(730)	(462)
Income before income taxes	193,709	152,830	186,504	171,830	116,704
Net income	485,425	95,238	118,457	104,021	70,024
Net income attributable to Knight-Swift	484,292	93,863	116,718	102,862	69,282
Basic earnings per share	4.38	1.17	1.43	1.27	0.87
Diluted earnings per share	4.34	1.16	1.42	1.25	0.86
Cash dividend per share on Class A common stock	0.24	0.24	0.24	0.24	0.24
Operating ratio (2)	91.7%	86.7%	85.0%	85.2%	88.2%

	December 31,				
Consolidated balance sheet GAAP data (1):	2017	2016	2015	2014 (8)	2013
Working capital	$ 313,657	$ 111,541	$ 164,090	$ 145,667	$ 101,768
Total assets	7,683,442	1,078,525	1,120,232	1,082,285	807,121
Total debt (3)	970,905	18,000	112,000	134,400	38,000
Knight-Swift stockholders' equity	5,237,732	786,473	738,398	677,760	553,588

Non-GAAP financial data (unaudited) (1):	2017	2016	2015	2014 (8)	2013
Adjusted Net Income Attributable to Knight-Swift (4)	$ 154,565	$ 95,373	$ 121,113	$ 102,862	$ 69,282
Adjusted EPS (4)	1.38	1.17	1.47	1.25	0.86
Adjusted Operating Ratio (4)	88.3%	85.3%	82.6%	82.4%	85.6%

Operating data (unaudited):(1)	2017	2016	2015	2014 (8)	2013
Average revenue per tractor (5)	$ 184,920	$ 172,185	$ 173,329	$ 171,510	$ 160,186
Average length of haul (miles)	479	498	503	492	479
Non-paid empty miles percentage	12.6%	12.5%	12.0%	10.1%	10.6%
Average tractors (6) (7)	9,432	4,706	4,793	4,173	4,017
Average trailers (7)	31,967	12,288	11,789	9,732	9,405
Average containers	9,122	—	—	—	—

(1) Pursuant to the 2017 Merger, data after September 8, 2017 includes the results of Swift.
(2) Operating expenses expressed as a percentage of total revenue.
(3) Includes current and noncurrent portions of term loan debt, revolving credit facilities, receivables sales agreement, and capital leases. For more discussion refer to "Liquidity and Capital Resources" in Part II, Item 7 of this Annual Report.

(4) Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio, are non-GAAP financial measures. These non-GAAP financial measures should not be considered alternatives to, or superior to, GAAP financial measures. However, management believes that presentation of these non-GAAP financial measures provides useful information to investors regarding the Company's results of operations. Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are reconciled to the most directly comparable GAAP financial measures in "Non-GAAP Financial Measures" in Part II, Item 7 of this Annual Report.
(5) Average revenue per tractor includes revenue for our Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments only. It does not include fuel surcharge revenue or revenues from our Knight Logistics, Swift Intermodal and Swift Non-Reportable segments.
(6) Reflects operational tractors within the Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments, including company tractors and tractors owned by independent contractors.
(7) See Note (3) to "Executive Summary — Financial Overview" in Part II, Item 7 of this Annual Report, regarding the calculation of average tractors and average trailers.
(8) Knight acquired 100% of the outstanding stock of Barr-Nunn on October 1, 2014, and therefore, Knight's operating results include those of Barr-Nunn for periods after October 1, 2014.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain acronyms and terms used throughout this Annual 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.

Management's discussion and analysis of financial condition and results of operations should be read together with "Business" in Part I, Item 1 of this Annual Report, as well as the consolidated financial statements and accompanying footnotes in Part II, Item 8 of this Annual Report. This discussion contains forward-looking statements as a result of many factors, including those set forth under Part I, Item 1A. "Risk Factors" and Part I "Cautionary Note Regarding Forward-looking Statements" of this Annual Report, and elsewhere in this report. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those discussed.

Executive Summary

Company Overview

2017 Merger — On September 8, 2017, we 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 Class A common stock commenced trading on the NYSE on a post-reverse split basis under the ticker symbol "KNX" on September 11, 2017.

We 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. Therefore, Knight's historical results of operations replaced Swift's historical results of operations for all periods prior to the 2017 Merger. More specifically, for periods prior to the 2017 Merger, the consolidated financial statements in Part II, Item 8 of this Annual Report are those of Knight and its subsidiaries and do not include Swift, and for periods subsequent to the 2017 Merger, also include Swift. Accordingly, comparisons between our 2017 results and prior periods may not be meaningful.

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 25 in Part II, Item 8 of this Annual Report for descriptions of our segments.

Revenue — We offer a broad range of full truckload, intermodal, brokerage, and logistics services within North America's largest for-hire truckload tractor fleet, operated through a nationwide network of terminals, and 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 before 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 before 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 before fuel surcharge by providing freight management, sourcing, and other non-trucking services (such as 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, 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 — Segments — 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," as well as in various disclosures in our press releases, stockholder reports, and other filings with the SEC.

Financial Overview

	2017		2016		2015	
GAAP Financial data:	(Dollars in thousands, except per share data)					
Total revenue	$	2,425,453	$	1,118,034	$	1,182,964
Revenue before fuel surcharge	$	2,179,873	$	1,028,148	$	1,061,739
Net income attributable to Knight-Swift	$	484,292	$	93,863	$	116,718
Diluted EPS	$	4.34	$	1.16	$	1.42
Operating ratio		91.7%		86.7%		85.0%
Non-GAAP financial data:						
Adjusted Net Income Attributable to Knight-Swift (1)	$	154,565	$	95,373	$	121,113
Adjusted EPS (1)	$	1.38	$	1.17	$	1.47
Adjusted Operating Ratio (1)		88.3%		85.3%		82.6%
Revenue equipment:						
Average tractors (2 (3)		9,432		4,706		4,793
Average trailers (3)		31,967		12,288		11,789
Average containers		9,122		—		—

(1) Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are non-GAAP financial measures and should not be considered alternatives, or superior, to the most directly comparable GAAP financial measures. However, management believes that presentation of these non-GAAP financial measures provides useful information to investors regarding the Company's results of operations. 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 within the Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments, including company tractors and tractors owned by independent contractors.

(3) Consolidated "Average tractors" reflect Knight's actual average tractors for full-year 2017 and Swift's average tractors pro-rated for the portion of the year for which its results of operations are reported following the close of the 2017 Merger.

Consolidated "Average trailers" reflect Knight's actual average trailers for full-year 2017 and Swift's average trailers pro-rated for the portion of the year for which its results of operations are reported following the close of the 2017 Merger.

Summarized Results of Consolidated Operations and Financial Condition

Trends and Outlook — The broader economy continues to show signs of growth in consumer spending, durable goods, and the prospects of increased manufacturing and construction, especially considering the recent tax relief from the Tax Cuts and Jobs Act.

A shortage in drivers continues to be a headwind for the industry and will likely impact the ability to increase capacity. We also believe that the ELD mandate began to have an impact on capacity late in the fourth quarter of 2017, which has continued into 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 see rate increases in our contract business throughout 2018. In this environment, we will continue to monitor the markets in order to maximize service to our customers and yield.

Note: Our 2017 consolidated results of operations included the results of operations for Swift after September 8, 2017. Results for the periods on and prior to September 8, 2017 reflect only those of Knight and do not include the results of operations of Swift. Accordingly, comparison between the consolidated results for 2017 and 2016 may not be meaningful.

2017 Compared 2016 — The $390.4 million increase in net income attributable to Knight-Swift to $484.3 million in 2017 from $93.9 million in 2016, includes the following:

- $95.7 million in operating income from Swift's results from the September 9, 2017 through December 31, 2017 period;
- $364.2 million income tax benefit, representing management's estimate of the net impact of the Tax Cuts and Jobs Act enacted during the fourth quarter of 2017;
- improvements in average revenue per tractor;
- a $16.7 million impairment related to the termination of Swift's implementation of its ERP system; and
- merger-related expenses associated with the 2017 Merger, including $16.5 million related to incurred legal and professional fees, $5.6 million for merger-related bonuses and accelerated stock-based compensation expense, $0.9 million merger-related statutory filings and $0.1 million in driving associate-incentive expenses.

See additional discussion of our operating results within "Results of Operations — Consolidated" below.

In 2017, we generated $318.6 million in cash flows from operations and used $304.5 million for capital expenditures, net of equipment sales. During 2017, we returned $25.5 million to our stockholders in the form of quarterly dividends. We ended the year with $76.6 million in unrestricted cash and cash equivalents, $489.8 million in long-term debt (excluding the 2015 RSA and capital leases), and $5.2 billion of stockholders' equity. See discussion under "Liquidity and Capital Resources" and "Off-Balance Sheet Transactions" for additional information.

2016 Compared to 2015 — The $22.8 million decrease in our net income attributable to Knight-Swift to $93.9 million in 2016 from $116.7 million in 2015, includes the following:

- a $7.2 million decrease in gain on sale of equipment;
- a $4.1 million decrease in gain on sale of available-for-sale securities;
- a $3.6 million decrease in the positive effects of the effective tax rate on net income; and
- a $4.7 million decrease in settlement expense for certain class action lawsuits.

See additional discussion of our operating results within "Results of Operations — Consolidated" below.

In 2016, Knight generated $243.4 million in cash flow from operations and used $89.0 million for capital expenditures, net of equipment sales. During 2016, Knight returned $59.5 million to its stockholders in the form of quarterly dividends and stock repurchases. Knight ended the year with $8.0 million in unrestricted cash, $18.0 million in long-term debt, and $786.5 million in stockholders' equity.

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 25 in Part II, Item 8 of this Annual Report for descriptions of our segments. Refer to Part I, Item 1, "Business – Our Strategy" of this Annual Report for discussion related to our segment operating strategies.

Consolidating Tables for Total Revenue and Operating Income

	2017			2016			2015		
Total revenue:	(Dollars in thousands)								
Knight – Trucking	$	906,484	37.4 %	$	900,368	80.5 %	$	952,098	80.5 %
Knight – Logistics	$	234,155	9.7 %	$	226,912	20.3 %	$	249,365	21.1 %
Swift – Truckload	$	609,112	25.1 %	$	—	— %	$	—	— %
Swift – Dedicated	$	200,628	8.3 %	$	—	— %	$	—	— %
Swift – Refrigerated	$	254,102	10.5 %	$	—	— %	$	—	— %
Swift – Intermodal	$	130,441	5.4 %	$	—	— %	$	—	— %
Subtotal	$	2,334,922	96.4 %	$	1,127,280	100.8 %	$	1,201,463	101.6 %
Non-reportable segments	$	115,530	4.8 %	$	—	— %	$	—	— %
Intersegment eliminations	$	(24,999)	(1.2)%	$	(9,246)	(0.8)%	$	(18,499)	(1.6)%
Total revenue	$	2,425,453	100.0 %	$	1,118,034	100.0 %	$	1,182,964	100.0 %

	2017			2016			2015		
Operating income (loss):	(Dollars in thousands)								
Knight – Trucking (1)	$	92,298	46.0 %	$	136,229	91.7%	$	162,143	91.1%
Knight – Logistics	$	12,600	6.3 %	$	12,250	8.3%	$	15,857	8.9%
Swift – Truckload	$	74,924	37.3 %	$	—	—%	$	—	—%
Swift – Dedicated	$	22,410	11.2 %	$	—	—%	$	—	—%
Swift – Refrigerated	$	13,626	6.8 %	$	—	—%	$	—	—%
Swift – Intermodal	$	5,977	3.0 %	$	—	—%	$	—	—%
Subtotal	$	221,835	110.6 %	$	148,479	100.0%	$	178,000	100.0%
Non-reportable segments	$	(21,205)	(10.6)%	$	—	—%	$	—	—%
Operating income	$	200,630	100.0 %	$	148,479	100.0%	$	178,000	100.0%

(1) 2017 operating income for the Knight Trucking segment includes $23.1 million in 2017 Merger-related costs, which are discussed under "Summarized Results of Consolidated Operations and Financial Condition," above.

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, net of fuel surcharge (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 segment and represents the average revenue per load based on revenue before 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 average 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 — This measure is used in our Knight Logistics segment and represents Knight Logistics' gross margin (revenue, net of intersegment transactions, less purchased transportation expense) as a percentage of Knight Logistics' revenue, net of 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 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

Knight Trucking Segment

We generate revenue in the Knight Trucking segment through dry van, refrigerated, and drayage service offerings. Generally, we are paid a predetermined rate per mile or per load for our trucking services. Additional revenues are generated in all four of our trucking segments (Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated) by charging for tractor and trailer detention, loading and unloading activities, dedicated services, 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 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.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands, except per tractor data)			Increase (decrease)	
Total revenue	$ 906,484	$ 900,368	$ 952,098	0.7 %	(5.4) %
Revenue, net of fuel surcharge and intersegment transactions	$ 797,706	$ 810,358	$ 830,710	(1.6) %	(2.4) %
Operating income	$ 92,298	$ 136,229	$ 162,143	(32.2) %	(16.0) %
Average revenue per tractor (1)	$ 174,553	$ 172,185	$ 173,329	1.4 %	(0.7) %
GAAP: Operating ratio (1)	89.8%	84.9%	83.0%	490 bps	190 bps
Non-GAAP: Adjusted Operating Ratio (1)	85.3%	82.9%	79.6%	240 bps	330 bps
Non-paid empty miles percentage (1)	12.9%	12.5%	12.0%	40 bps	50 bps
Average length of haul (miles) (1)	483	498	503	(3.0) %	(1.0) %
Average tractors (1) (2)	4,570	4,706	4,793	(2.9) %	(1.8) %
Average trailers (1) (3)	12,383	12,288	11,789	0.8 %	4.2 %

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

(2) Includes 4,142 company-owned tractors with an average age of 2.6 years in 2017, 4,286 company-owned tractors with an average age of 1.9 years in 2016, and 4,363 company owned-tractors with an average age of 1.7 years in 2015.

(3) The average age of the trailer fleet was 4.0 years in 2017, 4.4 years in 2016, and 4.4 years in 2015.

2017 Compared to 2016 —The Knight Trucking segment total revenue increased $6.1 million, consisting of an $18.8 million increase in fuel surcharge revenue from higher average fuel prices, partially offset by a $12.7 million decrease in revenue, net of fuel surcharge and intersegment transactions. Average revenue per loaded mile increased 4.3% due to an increase in non-contract opportunities and rates during the year. This was partially offset by a 2.4% decrease in average miles per tractor, a difficult driver market, and other network disruptions, thus resulting in a 1.4% increase in average revenue per tractor. Additionally, non-paid empty miles increased, as a percentage of total miles.

Operating ratio and Adjusted Operating Ratio increased, as driving associate-related costs and less gain on sale of equipment continued to present cost headwinds in the Knight Trucking segment, and are continuing to be challenging in 2018. Our focus in the Knight Trucking segment remains on developing our freight network, improving the productivity of our assets, and controlling costs, in areas where we have experienced higher than normal inflation, such as maintenance, driving associate pay, and professional fees.

Knight Trucking depreciation and amortization of property and equipment as a percentage of Knight Trucking revenue, net of fuel surcharge and intersegment transactions remained relatively flat in 2017, compared to 2016. Rising new equipment prices in 2017 caused expense to increase; however, this was offset by a decrease in the segment's tractor to trailer ratio and older fleet.

Knight Trucking purchased transportation expense as a percentage of Knight Trucking revenue, net of fuel surcharge and intersegment transactions increased 80 basis points to 7.9% in 2017. This increase was predominately related to increases in fuel reimbursements to our independent contractors due to the increase in average diesel fuel prices, as well as a 2.8% increase in miles driven by independent contractors.

2016 Compared to 2015 — Knight Trucking segment total revenue decreased $51.7 million, consisting of a $31.3 million decrease in fuel surcharge revenue driven by lower average fuel prices and a $20.4 million decrease in revenue, net of fuel surcharge and intersegment transactions. Average miles per tractor increased 1.4% in 2016, compared to 2015. However, this improvement was offset by a 1.5% decrease in average revenue per loaded mile, and an increase in non-paid empty miles percentage rate to 12.5% from 12.0%. This negatively affected our tractor productivity, as measured by average revenue per tractor, net of fuel surcharge, which decreased by 0.7% in 2016, compared to 2015.

Operating ratio and Adjusted Operating Ratio increased from 2015 to 2016. Higher net fuel expense, less gain on sale of revenue equipment, and higher driving associate-related expenses were the main factors negatively affecting our 2016 operating results when compared to the prior year.

Depreciation and amortization expense for the Knight Trucking segment, as a percentage of Knight Trucking revenue, was 13.8% in 2016, compared to 12.9% in 2015. Factors contributing to the increase were the decrease in average revenue per tractor, rising new equipment prices, and an increase in our tractor to trailer ratio.

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 operating units. 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 consolidated income statements. This expense generally varies depending upon truckload and rail capacity, availability of third-party capacity providers, rates charged to customers, and current freight demand and customer shipping needs. Other Knight Logistics operating expenses are generally fixed and primarily include non-driver employee compensation and benefits recorded in "Salaries, wages, and benefits" in the consolidated income statements, and depreciation and amortization expense recorded in "Depreciation and amortization of property and equipment."

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands, except per load data)			Increase (decrease)	
Total revenue	$ 234,155	$ 226,912	$ 249,365	3.2 %	(9.0) %
Revenue, net of intersegment transactions	$ 227,952	$ 217,790	$ 231,029	4.7 %	(5.7) %
Operating income	$ 12,600	$ 12,250	$ 15,857	2.9 %	(22.7) %
Revenue per load – Brokerage only	$ 1,357	$ 1,275	$ 1,509	6.4 %	(15.5) %
Gross margin percentage (1) – Brokerage only	15.4%	16.5%	15.9%	(110) bps	60 bps
GAAP: Operating ratio (1)	94.6%	94.6%	93.6%	—	100 bps
Non-GAAP: Adjusted Operating Ratio (1)	94.5%	94.4%	93.1%	10 bps	130 bps

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

2017 Compared to 2016 — The Knight Logistics segment's total revenue increased $7.2 million, while operating ratio and Adjusted Operating Ratio remained flat. Revenue, net of intersegment transactions increased 11.5% in the Knight brokerage business, which is the largest component of the Knight Logistics segment. This was driven by a 6.4% increase in revenue per load and a 4.7% increase in load volume in the Knight brokerage business. Gross margin percentage in Knight's brokerage business decreased 110 basis points in 2017, compared to 2016, due to an increase in purchased transportation costs.

Depreciation and amortization of property and equipment expense within our Knight Logistics segment increased by $0.7 million from 2016 to 2017, which was primarily due to an increase in equipment leased to third parties. As a percentage of Knight Logistics revenue, net of intersegment transactions, depreciation and amortization of property and equipment remained relatively flat. Absent offsetting growth in our Knight Logistics segments, our expense as a percentage of revenue in this category could increase in the future.

We plan to continue to invest in our Knight Logistics segment, including transportation management technology, which we believe will continue to improve our return on capital, compared with asset-based operations.

2016 Compared to 2015 — Knight Logistics revenue decreased, primarily due to declining revenue from the non-Trucking services as we exited our agricultural sourcing business in the first quarter of 2016, as well as due to lower revenue per load from lower fuel surcharge. Revenue in the Knight brokerage business, which is the largest component of our Logistics segment, decreased in 2016 compared to 2015; however, we continued to see load volume growth. A shorter length of haul and lower non-contract pricing offset this load volume growth. We achieved this growth by increasing our Logistics services to our customers through our third-party carriers and rail providers.

Purchased transportation expense within our Knight Logistics segment decreased as expected with the decrease in Knight Logistics revenue; however increased costs associated with exiting our agriculture sourcing business in the first quarter of 2016 partially offset the decrease in purchased transportation expense.

Swift Segments

Swift Truckload, Swift Dedicated, and Swift Refrigerated — We generate revenue in the Swift trucking segments through dry van, refrigerated, dedicated, drayage, flatbed, and cross-border service offerings. Refer to "Knight Trucking Segment," above for discussion of revenues generated and expenses incurred in all of the Company's trucking segments.

Swift Intermodal — 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 (primarily) variable cost of purchased transportation that we pay to third-party capacity providers (including rail providers), included in "Purchased transportation" in the 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.

	September 9, 2017 – December 31, 2017			
	Swift Truckload	Swift Dedicated	Swift Refrigerated	Swift Intermodal
	(Dollars in thousands, except per tractor and per load data)			
Total revenue	$ 609,112	$ 200,628	$ 254,102	$ 130,441
Revenue, net of fuel surcharge	$ 536,848	$ 179,847	$ 229,826	$ 112,865
Operating income	$ 74,924	$ 22,410	$ 13,626	$ 5,977
Average revenue per tractor (1)	$ 196,864	$ 187,928	$ 194,933	N/A
Average revenue per load (1)	N/A	N/A	N/A	$ 1,882
GAAP: Operating ratio (1)	87.7%	88.8%	94.6%	95.4%
Non-GAAP: Adjusted Operating Ratio (1)	86.0%	87.5%	94.1%	94.7%
Non-paid empty miles percentage (1)	13.2%	17.4%	7.1%	N/A
Average length of haul (miles) (1)	610	191	394	N/A
Average tractors (1) (2)	2,727	957	1,179	166
Average trailers (containers for Intermodal) (1) (2)	11,176	4,667	1,353	9,122

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

(2) "Average tractors" reflect Swift's average tractors pro-rated for the portion of the year for which its results of operations are reported following the close of the 2017 Merger.

"Average trailers" reflect Swift's average trailers pro-rated for the portion of the year for which its results of operations are reported following the close of the 2017 Merger.

The Swift trucking segments operated an average of 5,029 tractors, of which 3,781 were company-owned tractors that had an average age of 2.5 years. The average age of Swift's trailer fleet was 8.4 years.

Swift Truckload, Swift Dedicated, and Swift Refrigerated — For September 9, 2017 through December 31, 2017, the strong freight market positively affected revenue, net of fuel surcharge, in our Swift Truckload, Swift Dedicated, and Swift Refrigerated segments, as evidenced by average revenue per tractor in these segments. Operating and Adjusted Operating Ratios in the Swift trucking segments have been improving, but are facing headwinds largely due to the challenging driver market we are experiencing. Sourcing and retaining high-quality driving associates remains a significant challenge and tractor counts have been accordingly decreasing in these segments. This has increased pressure on our recruiting efforts, as well as driving associate wage expenses. In addition, Swift adopted more stringent hiring practices in October 2017 that negatively impacted operating results in the current period, but are expected to improve operating costs in the future. In an effort to combat these headwinds, we remain disciplined with our cost control initiatives, as well as improving yield, asset efficiency, and return on investment in Swift's trucking segments.

Swift Intermodal — For September 9, 2017 through December 31, 2017, we saw improvements in the Swift Intermodal segment's revenue, net of fuel surcharge, driven by a strong revenue per container. This segment's operating and Adjusted Operating Ratios were positively affected by the aforementioned increase in load count as well as improved drayage efficiencies. Additionally, Swift Intermodal benefited from the impact of fuel prices on fuel surcharge revenue. We are focused on improving Swift Intermodal by right-sizing its cost infrastructure, increasing container turns, and driving operational efficiencies.

Swift Non-reportable Segments — A $16.7 million impairment related to terminating Swift's ERP system was included within the operating expenses of the Swift non-reportable segments in the September 9, 2017 through December 31, 2017 period.

Results of Operations — Consolidated Operating and Other Expenses

Consolidated Operating Expenses

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

Note: Our 2017 results of operations include the results of operations of Swift after September 8, 2017. Results for periods on and prior to September 8, 2017 reflect only those of Knight and do not include the results of operations of Swift. Accordingly, comparisons between our 2017 results and prior periods may not be meaningful.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Salaries, wages, and benefits	$ 688,543	$ 333,929	$ 334,069	106.2 %	—
% of total revenue	28.4%	29.9%	28.2%	(150 bps)	170 bps
% of revenue before fuel surcharge	31.6%	32.5%	31.5%	(90 bps)	100 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 is the largest component of salaries, wages, and benefits expense. We believe the driver market will continue to remain challenging and that several ongoing market factors have further reduced the pool of available driving associates. Having a sufficient number of qualified driving associates continues to be a major concern and our biggest headwind, although we continue to seek ways to attract and retain qualified driving associates, including investing in technology and terminals that improve the experience of driving associates. We expect driving associate pay to be inflationary, and we anticipate granting additional increases to our driving associates in the near term if supported by increases in the rates we receive from our customers as the market for qualified driving associates continues to tighten.

2017 Compared to 2016 — The $354.6 million increase in consolidated salaries, wages, and benefits includes $352.6 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period, which included the wage increase we granted to over-the-road driving associates that was effective upon the 2017 Merger closing. Further, Knight's salaries, wages, and benefits expense increased $2.0 million from 2016 to 2017. In 2017, we recorded $5.6 million in merger-related bonuses and accelerated stock compensation expense recorded upon the close of the 2017 Merger. These items were offset primarily by a 6.9% decrease in miles driven by Knight's company driving associates from 2016 to 2017. As a percentage of revenue before fuel surcharge, Knight's expense remained relatively flat.

2016 Compared to 2015 — Salaries, wages, and benefits expense, as a percentage of total revenue, increased to 29.9% in 2016 from 28.2% in 2015. The primary reason for the increase is attributable to lower total revenue in 2016 compared to 2015, as the dollar expense remained relatively flat.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Fuel	$ 274,956	$ 129,696	$ 152,752	112.0 %	(15.1 %)
% of total revenue	11.3%	11.6%	12.9%	(30 bps)	(130 bps)
% of revenue before fuel surcharge	12.6%	12.6%	14.4%	—	(180 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, and 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.

2017 Compared to 2016 — The $145.3 million increase in consolidated fuel expense includes $131.2 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's fuel expense increased $14.1 million from 2016 to 2017. As a percentage of revenue before fuel surcharge, consolidated fuel expense was consistent, despite higher average United States diesel fuel prices in 2017 of $2.65, compared to 2016 of $2.30. Higher diesel fuel prices were offset by a 6.9% decrease in miles driven by Knight's company driving associates.

2016 Compared to 2015 — Fuel expense decreased, as a percentage of total revenue, to 11.6% in 2016, from 12.9% in 2015, as the US National Average Diesel Fuel price decreased by 14.9% in 2016. Fuel prices were falling throughout 2015 and bottomed out in the first quarter of 2016, before rising in each of the remaining quarters of 2016.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Operations and maintenance	$ 164,307	$ 76,246	$ 80,855	115.5 %	(5.7 %)
% of total revenue	6.8%	6.8%	6.8%	—	—
% of revenue before fuel surcharge	7.5%	7.4%	7.6%	10 bps	(20 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 begin 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.

2017 Compared to 2016 — The $88.1 million increase in operations and maintenance expense includes $81.6 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Increasing maintenance expense is negatively impacting performance in our Swift Truckload, Swift Dedicated, and Swift Refrigerated segments. Knight's operations and maintenance expense increased $6.5 million from 2016 to 2017. With rising equipment prices and a soft used equipment market, Knight extended its tractor trade cycle beginning in the third quarter of 2016. Accordingly, equipment maintenance expense increased from 2016 to 2017 as Knight has been maintaining its tractors for comparatively longer periods. As a percentage of revenue before fuel surcharge, consolidated operations and maintenance expense was relatively consistent. Direct operating expenses, including operating supplies and driving associate development and recruiting costs also increased from 2016 to 2017.

2016 Compared to 2015 — Operations and maintenance expense, as a percentage of total revenue, remained flat at 6.8% in 2016 and 2015. Operations and maintenance expense as a percentage of revenue before fuel surcharge, decreased to 7.4% in 2016 from 7.6% in 2015, due to improved cost control measures at Knight. Direct operating expenses decreased as a percentage of total revenue before fuel surcharge in 2016 due to lower operating supply costs and drayage related operating costs.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Insurance and claims	$ 95,199	$ 34,441	$ 33,632	176.4 %	2.4 %
% of total revenue	3.9%	3.1%	2.9%	80 bps	20 bps
% of revenue before fuel surcharge	4.4%	3.3%	3.2%	110 bps	10 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.

2017 Compared to 2016 — The $60.8 million increase in consolidated insurance and claims expense includes $60.0 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's insurance and claims expense increased $0.8 million from 2016 to 2017. As a percentage of revenue before fuel surcharge, consolidated insurance and claims expense increased by 110 basis points. The increase is predominately associated with Swift's higher self-retention limits assumed following the close of the 2017 Merger, which may cause our insurance and claims expense to fluctuate more in future periods.

2016 Compared to 2015 — Insurance and claims expense, as a percentage of total revenue, increased to 3.1% in 2016, from 2.9% in 2015. Insurance and claims expense as a percentage of total revenue before fuel surcharge increased slightly to 3.3% in 2016 from 3.2% in 2015, and increased slightly on a per mile basis, year-over-year. The increase was partly due to the decrease in total revenue in 2016 from 2015, combined with slightly higher premium costs and changes in the severity of claims.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Operating taxes and licenses	$ 40,544	$ 18,728	$ 18,911	116.5 %	(1.0 %)
% of total revenue	1.7%	1.6%	1.6%	10 bps	—
% of revenue before fuel surcharge	1.9%	1.8%	1.8%	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.

2017 Compared to 2016 — The $21.8 million increase in consolidated operating taxes and licenses includes $21.7 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's operating taxes and licenses expense remained relatively flat from 2016 to 2017. As a percentage of revenue before fuel surcharge, consolidated operating taxes and licenses remained relatively flat from 2016 to 2017.

2016 Compared to 2015 — Operating taxes and licenses expense, as a percentage of total revenue, remained relatively flat in 2016 and 2015.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Communications	$ 10,691	$ 4,182	$ 4,095	155.6 %	2.1 %
% of total revenue	0.4%	0.4%	0.3%	—	10 bps
% of revenue before fuel surcharge	0.5%	0.4%	0.4%	10 bps	—

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

2017 Compared to 2016 — The $6.5 million increase in consolidated communications expense includes $6.2 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's communications expense slightly increased from 2016 to 2017, but remained flat as a percentage of revenue before fuel surcharge, as did consolidated communications expense.

2016 Compared to 2015 — Communications expense, as a percentage of total revenue, remained flat at 0.4% for 2016 and 2015.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Depreciation and amortization of property and equipment	$ 193,733	$ 115,660	$ 110,523	67.5 %	4.6 %
% of total revenue	8.0%	10.3%	9.3%	(230 bps)	100 bps
% of revenue before fuel surcharge	8.9%	11.2%	10.4%	(230 bps)	80 bps

Depreciation relates primarily to our owned tractors, trailers, 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.

2017 Compared to 2016 — The $78.1 million increase in consolidated depreciation and amortization of property and equipment includes $77.1 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's depreciation and amortization of property and equipment increased slightly in 2017 compared to 2016.

Knight extended its trade cycle for its tractors and reduced its average tractor count, which reduced capital expenditures. Knight has been proactive in managing its preventative maintenance program with a goal of partially mitigating the additional maintenance cost commonly associated with a slightly older fleet. We expect to begin refreshing Knight and Swift tractor fleets through replacement units in the coming quarters, and anticipate that depreciation and amortization costs will increase in future quarters. See additional discussion of depreciation and amortization of property and equipment under "Results of Operations — Segment Review," above.

2016 Compared to 2015 — Consolidated depreciation and amortization of property and equipment, as a percentage of total revenue, increased from 2015 to 2016, in part due to the decrease in fuel surcharge revenue. As a percentage of revenue before fuel surcharge, depreciation and amortization increased to 11.2% in 2016 from 10.4% in 2015. This increase was due to a combination of the decrease in revenue before fuel surcharge, driven by the decrease in average revenue per tractor in our Knight Trucking segment, and the decrease in revenue from our less asset-intensive Knight Logistics segment, driven by the decrease in revenue per load and reduced non-Trucking service revenue.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Amortization of intangibles	$ 13,372	$ 500	$ 500	2,574.4 %	—
% of total revenue	0.6%	—%	—%	60 bps	—
% of revenue before fuel surcharge	0.6%	—%	—%	60 bps	—

Amortization of intangibles primarily relates to intangible assets identified with the 2017 Merger. See Note 4 and Note 11 in Part II, Item 8, of this Annual Report for further details regarding the Company's intangible assets, historical amortization, and anticipated future amortization.

2017 Compared to 2016 — The $12.9 million increase in consolidated amortization of intangibles is entirely attributed to Swift's amortization of the intangible assets identified with the 2017 Merger.

2016 Compared to 2015 — There was no change in amortization of intangibles from 2015 to 2016.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Rental expense	$ 74,224	$ 5,036	$ 4,695	1,373.9 %	7.3 %
% of total revenue	3.1%	0.5%	0.4%	260 bps	10 bps
% of revenue before fuel surcharge	3.4%	0.5%	0.4%	290 bps	10 bps

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

2017 Compared to 2016 — The $69.2 million increase in consolidated rental expense includes $69.0 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's rental expense increased slightly from 2016 to 2017, but remained flat as a percentage of revenue before fuel surcharge. Consolidated rental expense as a percentage of revenue before fuel surcharge increased, as Swift historically obtained a larger portion of its equipment through operating leases, as compared to Knight.

2016 Compared to 2015 — As a percentage of revenue before fuel surcharge, rental expense was consistent from 2015 to 2016.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Purchased transportation	$ 594,113	$ 233,863	$ 246,864	154.0 %	(5.3 %)
% of total revenue	24.5%	20.9%	20.9%	360 bps	—
% of revenue before fuel surcharge	27.3%	22.7%	23.3%	460 bps	(60 bps)

Purchased transportation expense is comprised of (1) payments to independent contractors in our trucking operations and (2) 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 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.

2017 Compared to 2016 — The $360.3 million increase in consolidated purchased transportation includes $347.3 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's purchased transportation expense increased by $13.0 million and increased as a percentage of revenue before fuel surcharge by 140 basis points. US diesel fuel prices were higher on average in 2017 at $2.65, compared to 2016 at $2.30, which increased our payments made to independent contractors for fuel reimbursements. Additionally, there was a 2.8% increase in miles driven by independent contractors from 2016 to 2017. In 2017, we also incurred $0.1 million in driver-incentive expenses related to the 2017 Merger. See additional discussion of purchased transportation expense under "Results of Operations — Segment Review," above.

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 into 2018.

2016 Compared to 2015 — Purchased transportation expense, as a percentage of total revenue, remained flat at 20.9% for 2016 and 2015. The overall decrease in this category is primarily due to lower fuel surcharge equivalent payments to independent contractors and third-party capacity providers.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Impairments	$ 16,844	$ —	$ —	—	—
% of total revenue	0.7%	—%	—%	70 bps	—
% of revenue before fuel surcharge	0.8%	—%	—%	80 bps	—

2017 Compared to 2016 — During the third quarter of 2017, we terminated the implementation of Swift's ERP system, resulting in a pre-tax impairment loss of $16.7 million. During the fourth quarter of 2017, management reassessed the fair value of certain tractors within one of the Company's leasing subsidiaries, determining that there was a pre-tax impairment loss of $0.1 million.

2016 Compared to 2015 — There were no impairments in 2016 or 2015.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Miscellaneous operating expenses, net	$ 41,781	$ 17,274	$ 18,068	141.9 %	(4.4 %)
% of total revenue	1.7%	1.5%	1.5%	20 bps	—
% of revenue before fuel surcharge	1.9%	1.7%	1.7%	20 bps	—

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

2017 Compared to 2016 — The $24.5 million increase in consolidated miscellaneous operating expenses, net includes $19.2 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's miscellaneous operating expenses, net increased $5.3 million from 2016 to 2017, and increased 50 basis points as a percentage of revenue before fuel surcharge. The increase is primarily due to Knight's $4.3 million decrease in gain on sales of equipment, as Knight extended the trade cycle of its tractors in the latter half of 2016 and throughout 2017, resulting in fewer units disposed of in 2017 compared to 2016. The used tractor market continued to be soft throughout much of 2017, but showed signs of strengthening in the latter half of the year. We believe the used equipment market will continue to help offset other miscellaneous operating expenses, but not to the extent Knight and Swift experienced in prior years, and we expect a similar environment throughout 2018. We additionally recorded $0.9 million in 2017 for merger-related statutory filings associated with the 2017 Merger.

2016 Compared to 2015 — Miscellaneous operating expenses decreased from 2015 to 2016 due to decreased legal expenses. This was partially offset by a decrease in gain on sale of used equipment to $8.1 million in 2016, from $15.3 million in 2015, as a result of a soft used equipment resale market prevalent in 2016.

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Merger-related costs	$ 16,516	$ —	$ —	—	—
% of total revenue	0.7%	—%	—%	70 bps	—
% of revenue before fuel surcharge	0.8%	—%	—%	80 bps	—

2017 Compared to 2016 — Direct and incremental costs associated with the 2017 Merger were recorded on a separate line item in the consolidated income statement in 2017 as "Merger-related costs." These costs were primarily incurred for legal and professional fees associated with the transaction. See other merger-related operating expenses associated with the 2017 Merger discussed within "Salaries, wages, and, benefits" and "Miscellaneous operating expenses, net" above.

2016 Compared to 2015 — Not applicable.

Consolidated Other Expenses

The following table summarizes fluctuations in certain non-operating expenses, included in our consolidated income statements:

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(Dollars in thousands)			Increase (decrease)	
Interest income	$ 1,207	$ 309	$ 460	290.6 %	(32.8 %)
Interest expense	$ (8,686)	$ (897)	$ (998)	868.3 %	(10.1 %)
Other income, net	$ 558	$ 4,939	$ 9,042	(88.7 %)	(45.4 %)
Income tax benefit (expense)	$ 291,716	$ (57,592)	$ (68,047)	(606.5 %)	(15.4 %)

Interest income — Interest income includes interest earned from financing revenue equipment to independent contractors, as well as interest earned from our investments.

2017 Compared to 2016 — The $0.9 million increase in consolidated interest income includes $0.7 million of income from Swift's results for the September 9, 2017 through December 31, 2017 period. Knight's interest income increased by $0.2 million from 2016 to 2017.

2016 Compared to 2015 — The 2016 and 2015 balances were below our threshold for explanation.

Interest expense — Interest expense is comprised of debt and capital lease interest expense as well as amortization of deferred loan costs.

2017 Compared to 2016 — The $7.8 million increase in consolidated interest expense is attributed to Swift's higher debt balances replacing Knight's lower debt balances in conjunction with the 2017 Debt Agreement in September 2017. The $7.8 million increase includes $8.5 million of expense from Swift's results for the September 9, 2017 through December 31, 2017 period. See Note 16 in Part II, Item 8 of this Annual Report for further information related to the 2017 Debt Agreement and related interest rates and deferred loan costs.

2016 Compared to 2015 — Interest expense decreased in 2016 because of the decreased average borrowing during the year. Our debt balance decreased to $18.0 million at December 31, 2016 from $112.0 million at December 31, 2015.

Other income, net — Other income, net is primarily comprised of income (expense) from realized gains on sale of available-for-sale securities, unrealized gains from Knight's investments in Transportation Resource Partners accounted for under the equity method, as well as certain other non-operating income and expense that may arise outside of the normal course of business.

2017 Compared to 2016 — The $4.4 million decrease in consolidated other income, net was driven by Knight's disposal of its remaining available-for-sale securities for a $4.5 million gain in 2016. Additionally, we contributed $2.0 million to a charitable foundation in 2017. The impact of these activities was partially offset by a $1.0 million increase in gain on TRP investments from 2016 to 2017, as well as $0.4 million in expense from Swift's results for the September 9, 2017 through December 31, 2017 period.

2016 Compared to 2015 — The decrease in other income, net was driven by a $4.1 million decrease in realized gains from the sale of available-for-sale securities in 2016, compared to 2015, primarily due to fewer securities sold during 2016.

Income tax benefit (expense) — In addition to the discussion below, Note 14 in Part II, Item 8 of this Annual Report provides further analysis related to income taxes.

2017 Compared to 2016 — Consolidated income taxes changed from expense of $57.6 million (with an effective tax rate of 38.0%) in 2016 to a benefit of $291.7 million (with an effective tax rate of (150.6%) in 2017). The income tax benefit in 2017 was driven by a $364.2 million income tax benefit representing management's estimate of the net impact of the Tax Cuts and Jobs Act enacted during the fourth quarter. Discrete items, such as stock compensation deductions, the impact of state tax rate changes on deferred taxes, among others were also included in the 2017 income tax benefit.

2016 Compared to 2015 — Our effective tax rate was 38.0% for 2016 and 36.8% for 2015. The unusually low rate in 2015 was attributable to favorable tax positions taken on amended federal and state income tax returns for tax years 2010 through 2013 and other miscellaneous non-recurring decreases, which positively impacted our net income by approximately $5.4 million.

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 margin, 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 Earnings per Diluted Share, 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.

In the consolidated GAAP to non-GAAP reconciliations below, 2014 and 2013 are included to support the five-year presentation in "Selected Financial Data" in Part II, Item 6 of this Annual Report.

Note: Our results of operations for 2017 include the results of operations of Swift after September 8, 2017. Results for periods on and prior to September 8, 2017 reflect only those of Knight and do not include the results of operations of Swift. Accordingly, comparisons between our 2017 results and prior periods may not be meaningful.

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

	2017	2016	2015	2014	2013
	(Dollars in thousands)				
GAAP: Net income attributable to Knight-Swift	$ 484,292	$ 93,863	$ 116,718	$ 102,862	$ 69,282
Adjusted for:					
Income tax (benefit) expense attributable to Knight-Swift	(291,716)	57,592	68,047	67,809	46,680
Income before income taxes attributable to Knight-Swift	192,576	151,455	184,765	170,671	115,962
Impairments (1)	16,844	—	—	—	—
Accruals for class action lawsuits (2)	1,900	2,450	7,163	—	—
Amortization of 2017 Merger intangibles (3)	12,872	—	—	—	—
Other merger-related operating expenses (4)	6,596	—	—	—	—
Merger-related costs (5)	16,516	—	—	—	—
Adjusted income before income taxes	247,304	153,905	191,928	170,671	115,962
Provision for income tax expense at effective rate (6)	(92,739)	(58,532)	(70,815)	(67,809)	(46,680)
Non-GAAP: Adjusted Net Income Attributable to Knight-Swift	$ 154,565	$ 95,373	$ 121,113	$ 102,862	$ 69,282

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

	2017	2016	2015	2014	2013
GAAP: Diluted earnings per share	$ 4.34	$ 1.16	$ 1.42	$ 1.25	$ 0.86
Adjusted for:					
Income tax (benefit) expense attributable to Knight-Swift	(2.61)	0.71	0.83	0.83	0.58
Income before income taxes attributable to Knight-Swift	1.72	1.86	2.24	2.08	1.44
Impairments (1)	0.15	—	—	—	—
Accruals for class action lawsuits (2)	0.02	0.03	0.09	—	—
Amortization of 2017 Merger intangibles (3)	0.12	—	—	—	—
Other merger-related operating expenses (4)	0.06	—	—	—	—
Merger-related costs (5)	0.15	—	—	—	—
Adjusted income before income taxes	2.21	1.89	2.33	2.08	1.44
Provision for income tax expense at effective rate (6)	(0.83)	(0.72)	(0.86)	(0.83)	(0.58)
Non-GAAP: Adjusted EPS	$ 1.38	$ 1.17	$ 1.47	$ 1.25	$ 0.86

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(1) Impairment related to the termination of Swift's implementation of a new ERP system during the quarter ended September 30, 2017. Additionally, during the quarter ended December 31, 2017, management reassessed the fair value of certain tractors within the Company's leasing subsidiary, Interstate Equipment Leasing, LLC, determining that there was a pre-tax impairment loss.

(2) In 2017, 2016 and 2015, we accrued expenses incurred related to certain class action lawsuits involving employment-related claims.

(3) "Amortization of 2017 Merger intangibles" specifically reflects the non-cash amortization expense relating to certain intangible assets identified in the 2017 Merger. Certain data necessary to complete the purchase price allocation is open for adjustments during the measurement period, and includes, but is not limited to, the finalization of certain identified contingent liabilities and the calculation of deferred taxes based upon the underlying tax basis of assets acquired and liabilities assumed and assessment of other tax related items. We believe the estimates used are reasonable but are subject to change as additional information becomes available.

(4) "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.

(5) Knight-Swift incurred certain merger-related expenses associated with the 2017 Merger, consisting of legal and professional fees.

(6) For 2017, a normalized effective tax rate of 37.5% was utilized to calculate "Provision for income tax expense at effective rate," as the actual effective tax rate for the year includes a significant income tax benefit representing management's estimate of the net impact of the Tax Cuts and Jobs Act passed during the fourth quarter of 2017.

Non-GAAP Reconciliation: Consolidated Adjusted Operating Ratio

	2017	2016	2015	2014	2013
GAAP Presentation			(Dollars in thousands)		
Total revenue	$ 2,425,453	$ 1,118,034	$ 1,182,964	$ 1,102,332	$ 969,237
Total operating expenses	(2,224,823)	(969,555)	(1,004,964)	(939,610)	(855,328)
Operating income	$ 200,630	$ 148,479	$ 178,000	$ 162,722	$ 113,909
Operating ratio	91.7%	86.7%	85.0%	85.2%	88.2%
Non-GAAP Presentation					
Total revenue	$ 2,425,453	$ 1,118,034	$ 1,182,964	$ 1,102,332	$ 969,237
Fuel surcharge	(245,580)	(89,886)	(121,225)	(176,347)	(177,386)
Revenue before fuel surcharge	2,179,873	1,028,148	1,061,739	925,985	791,851
Total operating expenses	2,224,823	969,555	1,004,964	939,610	855,328
Adjusted for:					
Fuel surcharge	(245,580)	(89,886)	(121,225)	(176,347)	(177,386)
Impairments (1)	(16,844)	—	—	—	—
Accruals for class action lawsuits (2)	(1,900)	(2,450)	(7,163)	—	—
Amortization of 2017 Merger intangibles (3)	(12,872)	—	—	—	—
Other merger-related operating expenses (4)	(6,596)	—	—	—	—
Merger-related costs (5)	(16,516)	—	—	—	—
Adjusted Operating Expenses	1,924,515	877,219	876,576	763,263	677,942
Adjusted Operating Income	$ 255,358	$ 150,929	$ 185,163	$ 162,722	$ 113,909
Adjusted Operating Ratio	88.3%	85.3%	82.6%	82.4%	85.6%

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

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

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

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

(5) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote (5).

Non-GAAP Reconciliation: Reportable Segment Adjusted Operating Ratio

Knight Trucking Segment

	2017	2016	2015
GAAP Presentation		(Dollars in thousands)	
Total revenue	$ 906,484	$ 900,368	$ 952,098
Total operating expenses	(814,186)	(764,139)	(789,955)
Operating income	$ 92,298	$ 136,229	$ 162,143
Operating ratio	89.8%	84.9%	83.0%
Non-GAAP Presentation			
Total revenue	$ 906,484	$ 900,368	$ 952,098
Fuel surcharge	(108,649)	(89,886)	(121,225)
Intersegment transactions	(129)	(124)	(163)
Revenue, net of fuel surcharge and intersegment transactions	797,706	810,358	830,710
Total operating expenses	814,186	764,139	789,955
Adjusted for:			
Fuel surcharge	(108,649)	(89,886)	(121,225)
Intersegment transactions	(129)	(124)	(163)
Accruals for class action lawsuits (1)	(1,900)	(2,450)	(7,163)
Other merger-related operating expenses (2)	(6,596)	—	—
Merger-related costs (3)	(16,516)	—	—
Adjusted Operating Expenses	680,396	671,679	661,404
Adjusted Operating Income	$ 117,310	$ 138,679	$ 169,306
Adjusted Operating Ratio	85.3%	82.9%	79.6%

(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 (4).

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

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CONTINUED

Knight Logistics Segment

	2017	2016	2015
GAAP Presentation	(Dollars in thousands)		
Total revenue	$ 234,155	$ 226,912	$ 249,365
Total operating expenses	(221,555)	(214,662)	(233,508)
Operating income	$ 12,600	$ 12,250	$ 15,857
Operating ratio	94.6%	94.6%	93.6%
Non-GAAP Presentation			
Total revenue	$ 234,155	$ 226,912	$ 249,365
Intersegment transactions	(6,203)	(9,122)	(18,336)
Revenue, net of intersegment transactions	227,952	217,790	231,029
Total operating expenses	221,555	214,662	233,508
Adjusted for:			
Intersegment transactions	(6,203)	(9,122)	(18,336)
Adjusted Operating Expenses	215,352	205,540	215,172
Adjusted Operating Income	$ 12,600	$ 12,250	$ 15,857
Adjusted Operating Ratio	94.5%	94.4%	93.1%

Swift Segments

	September 9, 2017 — December 31, 2017			
	Swift Truckload	Swift Dedicated	Swift Refrigerated	Swift Intermodal
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 609,112	$ 200,628	$ 254,102	$ 130,441
Total operating expenses	(534,188)	(178,218)	(240,476)	(124,464)
Operating income	$ 74,924	$ 22,410	$ 13,626	$ 5,977
Operating ratio	87.7%	88.8%	94.6%	95.4%
Non-GAAP Presentation				
Total revenue	$ 609,112	$ 200,628	$ 254,102	$ 130,441
Fuel surcharge	(72,264)	(20,781)	(24,276)	(17,576)
Revenue, net of fuel surcharge	536,848	179,847	229,826	112,865
Total operating expenses	534,188	178,218	240,476	124,464
Adjusted for:				
Fuel surcharge	(72,264)	(20,781)	(24,276)	(17,576)
Adjusted Operating Expenses	461,924	157,437	216,200	106,888
Adjusted Operating Income	$ 74,924	$ 22,410	$ 13,626	$ 5,977
Adjusted Operating Ratio	86.0%	87.5%	94.1%	94.7%

Liquidity and Capital Resources

Sources of Liquidity

The following table presents our available sources of liquidity as of December 31, 2017:

Source:		Amount
		(In thousands)
Cash and cash equivalents, excluding restricted cash	$	76,649
Availability under Revolver, due July 2020 (1)		552,748
Availability under 2015 RSA, due January 2019 (2)		12,600
Total unrestricted liquidity	$	641,997
Restricted cash and cash equivalents (3)		76,971
Restricted investments, held to maturity, amortized cost (3)		22,232
Total liquidity, including restricted cash and restricted investments	$	741,200

(1) As of December 31, 2017, we had $125.0 million in borrowings under our $800.0 million Revolver. We additionally had $122.3 million in outstanding letters of credit (discussed below), leaving $552.7 million available under the Revolver.

(2) Based on eligible receivables at December 31, 2017, our borrowing base for the 2015 RSA was $317.6 million, while outstanding borrowings were $305.0 million.

(3) Restricted cash and restricted investments are primarily held by our captive insurance companies for claims payments. "Restricted cash and cash equivalents" consists of $73.7 million is included in "Cash and cash equivalents — restricted" in the consolidated balance sheet and is held by Mohave and Red Rock for claims payments. The remaining $3.3 million is included in "Other long-term assets and restricted cash and other investments" 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, and fund replacement and/or growth in our revenue equipment fleet. We expect the net cash capital expenditures required to maintain our current fleet to be in the range of $525.0 million to $575.0 million in 2018, but intend to keep this range as flexible as possible to appropriately respond to pending business opportunities and the overall market environment. 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 2015 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 December 31, 2017, we had material debt and capital lease obligations of $971.5 million (gross of deferred loan costs) which are discussed under "Material Debt Agreements," below. A significant amount of our cash flows from operations are committed to minimum payments of principal and interest on our debt facilities and 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 substantially more debt than Knight has historically carried and the combined company has significantly 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, our lenders may issue standby letters of credit on our behalf. When we have letters of credit outstanding, it reduces the availability under our $800.0 million Revolver. 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, stock prices, general economic and market conditions, as well as Board approval, we may repurchase shares of our outstanding Class A common stock. In February 2016, Swift's board of directors authorized $150.0 million in share repurchases, of which $62.9 million was assumed by the new entity, Knight-Swift, and remained available as of December 31, 2017. See further details regarding our share repurchases under Note 20 in Part II, Item 8 in this Annual Report.

Working Capital

As of December 31, 2017 and December 31, 2016, we had a working capital surplus of $313.7 million and $111.5 million, respectively.

Material Debt Agreements

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

As of December 31, 2016, Knight's only material debt obligation was the Knight Revolver, due August 2019, with a carrying value of $18.0 million.

Key terms and other details regarding our material debt and capital leases are discussed in Notes 15, 16, and 17 in Part II, Item 8 in this Annual Report, and is incorporated by reference herein.

Capital and Operating Leases

In addition to our net cash capital expenditures, we enter into lease agreements to acquire revenue equipment, including tractors and trailers. Our tractor and trailer lease acquisitions and terminations were as follows:

	2017	2016	2015
		(In thousands)	
Gross value of revenue equipment acquired with:			
Capital leases	$ 15,020	$ —	$ —
Operating leases	2,489	1,716	5,093
Originating value of terminated revenue equipment leases:			
Capital leases	$ 4,714	$ —	$ —
Operating leases	73,437	—	—

Contractual Obligations

The table below summarizes our contractual obligations as of December 31, 2017, excluding deferred taxes and claims accruals:

		Payments Due By Period			
	Total	1 Year or Less	1-3 Years	3-5 Years	More Than 5 Years
			(In thousands)		
Long-term debt obligations (1)	$ 365,446	$ 30	$ 365,416	$ —	$ —
Revolving line of credit (1)	125,000	—	125,000	—	—
2015 RSA (1)	305,000	—	305,000	—	—
Capital lease obligations (2)	176,104	48,972	69,584	47,219	10,329
Interest obligations (3)	54,979	25,353	26,880	2,156	590
Operating lease obligations (4)	480,300	180,777	199,532	63,034	36,957
Purchase obligations (5)	235,609	235,609	—	—	—
Investment commitments (6)	3,814	2,213	1,401	100	100
ERP obligation (7)	5,144	—	1,880	3,264	—
Dividend payable	1,578	303	503	518	254
Total contractual obligations	$ 1,752,974	$ 493,257	$ 1,095,196	$ 116,291	$ 48,230

(1) Represents borrowings owed at December 31, 2017. Interest rates vary.

(2) Represents principal payments owed at December 31, 2017. The borrowing consists of capital leases with finance companies, fixed borrowing amounts, and fixed interest rates, as set forth on each applicable lease schedule. Accordingly, interest on each lease varies between schedules. The Company's capital leases are typically structured with balloon payments at the end of the lease term equal to the residual value the Company is contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers.

(3) Represents interest obligations on long-term debt, the 2015 RSA, and capital lease obligations. For variable rate debt, the interest rate in effect as of December 31, 2017 was utilized. The table assumes long-term debt and the 2015 RSA are held to maturity.

(4) Represents future monthly rental payment obligations, which include an interest element, under operating leases for tractors, trailers, chassis, and facilities. Substantially all lease agreements for revenue equipment have fixed payment terms based on the passage of time. The tractor lease agreements generally stipulate maximum miles and provide for mileage penalties for excess miles. These leases generally run for a period of three to five years for tractors and five to seven years for trailers.

(5) Represents purchase obligations for revenue equipment, facilities, and non-revenue equipment, of which a significant portion is expected to be purchased with cash, to the extent available, as well as borrowings under the Revolver. Refer to Note 18 in Part II, Item 8 of this Annual Report for additional information regarding our purchase commitments.

(6) Investment commitments primarily consist of contractual obligations to investments in various Transportation Resource Partnerships, which are subject to capital calls. The expected timing of the capital calls is presented above.

(7) ERP obligation consists of outstanding commitments related to terminating the implementation of the Swift ERP system. Refer to Note 23 in Part II, Item 8 of this Annual Report for discussion of the related impairment.

Off Balance Sheet Arrangements

Information about our off balance sheet arrangements is included in Note 17 and Note 18 in Part II, Item 8 of this Annual Report and is incorporated by reference herein. See also "Contractual Obligations," above.

Cash Flow Analysis

	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
	(In thousands)			Increase (decrease) in thousands	
Net cash provided by operating activities	$ 318,569	$ 243,354	$ 205,765	$ 75,215	$ 37,589
Net cash used in investing activities	(273,941)	(101,020)	(138,335)	(172,921)	37,315
Net cash provided by (used in) financing activities	24,000	(143,004)	(75,805)	167,004	(67,199)

Net Cash Provided by Operating Activities

2017 Compared to 2016 — The $75.2 million increase in net cash provided by operating activities was primarily due to the $52.2 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.

2016 Compared to 2015 — The $37.6 million increase in net cash provided by operating activities was driven by lower income tax payments made in 2016, as Knight depleted the large income tax receivable balance on its consolidated balance sheet at December 31, 2015.

Net Cash Used in Investing Activities

2017 Compared to 2016 — The $172.9 million increase in net cash used in investing activities was due to the following:

- $215.5 million increase in cash capital expenditures, net of proceeds from sale and trade-in of equipment.
- This was partially offset by a $30.0 million decrease in cash contributions to Knight's Transportation Resource Partners portfolio investments, net of proceeds received.
- This was further offset by a $28.5 million increase in cash Knight received in association with the 2017 Merger.

2016 Compared to 2015 — The $37.3 million decrease in net cash used in investing activities was primarily due to Knight's decision in 2016 to limit organic fleet expansion and extend the expected trade cycle of its tractors in response to a challenging freight market and soft used equipment market.

Net Cash Provided by (Used in) Financing Activities

2017 Compared to 2016 — Net cash provided by (used in) financing activities favorably changed by $167.0 million, which was due to the following:

- $76.0 million decrease in repayments on the previous Knight Revolver
- $40.0 million in borrowings under the 2015 RSA
- *Cash Flow Impact of the 2017 Debt Agreement:* The 2017 Debt Agreement includes an $800.0 million Revolver and a $400.0 million Term Loan. Upon closing in September 2017, the proceeds from the Term Loan, an $85.0 million draw on the Revolver and $3.4 million cash on hand were used to pay off the then-outstanding balances, accrued interest, and fees under the 2015 Debt Agreement, as well as certain transactional fees and expenses associated with the 2017 Debt Agreement.

  Excluding the impact of the 2017 Debt Agreement, borrowings on the Revolver increased by $40.0 million, which was partially offset by an $18.2 million increase in repayments of long-term debt and capital leases.
- $39.9 million decrease in repurchases of Knight's common stock.

2016 Compared to 2015 — The $67.2 million increase in net cash used in financing activities was due to the following:

- In 2016 and 2015, Knight had net payments on the previous Knight Revolver of $94.0 million and $22.4 million, respectively.
- Knight repurchased $39.9 million of its common stock on the open market in 2016 and $45.3 million in 2015.
- Proceeds from exercises of stock options were $13.2 million in 2016 and $9.9 million in 2015.
- Knight returned $19.6 million in 2016 and $19.9 million in 2015 to its stockholders by way of dividends.

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.

Critical Accounting Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that impact the amounts reported in our consolidated financial statements and accompanying notes. Therefore, the reported amounts of assets, liabilities, revenue, expenses, and associated disclosures of contingent assets and liabilities are affected by these estimates and assumptions. We evaluate these estimates and assumptions on an ongoing basis, utilizing historical experience, consultation with experts, and other methods considered reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from our estimates and assumptions, and it is possible that materially different amounts could be reported using differing estimates or assumptions. We consider our critical accounting estimates to be those that require us to make more significant judgments and estimates when we prepare our financial statements.

Note 2 in Part II, Item 8 of this Annual Report describes the Company's accounting policies. The following discussion should be read in conjunction with Note 2, as it presents uncertainties involved in applying the accounting policies, and provides insight into the quality of management's estimates and variability in the amounts recorded for these critical accounting estimates. Our critical accounting estimates include the following:

Claims Accruals — Insurance and claims expense varies as a percentage of total revenue, based on the frequency and severity of claims incurred in a given period, as well as changes in claims development trends. The actual cost to settle our self-insured claim liabilities may differ from our reserve estimates due to legal costs, claims that have been incurred but not reported, and various other uncertainties, including the inherent difficulty in estimating the severity of the claim and the potential judgment or settlement amount to dispose of the claim. If claims development factors that are based upon historical experience had increased by 10%, our claims accrual as of December 31, 2017 would have potentially increased by $16.2 million.

Goodwill and Indefinite-lived Intangible Assets — The test of goodwill and indefinite-lived intangible assets requires judgment, including the identification of reporting units, assigning assets (including goodwill) and liabilities to reporting units and determining the fair value of each reporting unit. Fair value of the reporting unit is determined using a combination of comparative valuation multiples of publicly traded companies, internal transaction methods, and discounted cash flow models. Estimating the fair value of reporting units includes several significant assumptions, including future cash flow estimates, determination of appropriate discount rates, and other assumptions that management believed reasonable under the circumstances. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment for each reporting unit.

Knight evaluated its goodwill associated with the Barr-Nunn Transportation, Inc. acquisition as of June 30, 2016 and June 30, 2017 using the qualitative factors prescribed in ASC 350, *Intangibles – Goodwill and Other,* to determine whether to perform the two-step quantitative goodwill impairment test. The assessment of qualitative factors requires judgment, including identification of reporting units, evaluation of macroeconomic conditions, analysis of industry and market conditions, measurement of cost factors, and identification of entity-specific events (such as financial performance and changes within our share price). In evaluating these qualitative factors, Knight determined that it was more likely than not that fair value exceeded carrying value for Knight's reporting units as of June 30, 2016 and June 30, 2017. As such, it was not necessary to perform the two-step quantitative goodwill impairment test. Additionally, in conjunction with the 2017 Merger, the fair value of Swift's goodwill, which is primarily attributable to Swift's existing workforce and the synergies expected to arise after the 2017 Merger, was measured as of September 8, 2017. See additional details regarding the 2017 Merger in Note 4 included in Part II, Item 8 of this Annual Report, as well as information regarding the Company's goodwill balance, including the allocation of goodwill by segment in Note 11 included in Part II, Item 8 of this Annual Report.

Depreciation and Amortization — Selecting the appropriate accounting method requires management judgment, as there are multiple acceptable methods that are in accordance with GAAP, including straight-line, declining-balance, and sum-of-the-years' digits. As discussed in Note 2 included in Part II, Item 8 of this Annual Report, property and equipment is depreciated on a straight-line basis and intangible customer relationships are amortized over the estimated useful lives of the assets. We believe that these methods properly spread the costs over the useful lives of the assets. Management judgment is also involved when determining estimated useful lives of the Company's long-lived assets. We determine useful lives of our long-lived assets, based on historical experience, as well as future expectations regarding the period we expect to benefit from the asset. Factors affecting estimated useful lives of property and equipment may include estimating loss, damage, obsolescence, and company policies around maintenance and asset replacement. Factors affecting estimated useful lives of long-lived intangible assets may include legal, contractual, or other provisions that limit useful lives, historical experience with similar assets, future expectations of customer relationships, among others.

Impairments of Long-lived Assets — Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as necessary. Estimating fair value includes several significant assumptions, including future cash flow estimates, determination of appropriate discount rates, and other assumptions that management believed reasonable under the circumstances. Changes in these estimates and assumptions could materially affect the determination of fair value and/or impairment.

Income Taxes — Significant management judgment is required in determining our provision for income taxes and in determining whether deferred tax assets will be realized in full or in part. We periodically assess the likelihood that all or some portion of deferred tax assets will be recovered from future taxable income. To the extent we believe the likelihood of recovery is not sufficient, a valuation allowance is established for the amount determined not to be realizable. Management judgment is necessary in determining the frequency at which we assess the need for a valuation allowance, the accounting period in which to establish the valuation allowance, as well as the amount of the valuation allowance. We believe that we have adequately provided for our future tax consequences based upon current facts and circumstances and current tax law. However, should our tax positions be challenged, different outcomes could result and have a significant impact on the amounts reported in our consolidated income statements.

Management judgment is also required regarding a variety of other factors including the appropriateness of tax strategies. We utilize certain income tax planning strategies to reduce our overall income taxes. It is possible that certain strategies might be disallowed, resulting in an increased liability for income taxes. Significant management judgments are involved in assessing the likelihood of sustaining the strategies and determining the likely range of defense and settlement costs, in the event that tax strategies are challenged by taxing authorities. An ultimate result worse than our expectations could adversely affect our results of operations.

Operating Leases — In accordance with ASC 840, *Leases*, property and equipment held under operating leases, and liabilities related thereto, are off-balance sheet. All expenses related to operating leases are reflected in our consolidated income statements in "Rental expense." At the inception of a lease, management judgment is involved in classification as an operating or capital lease, as well as determination of useful lives and estimation of residual values of the related equipment. Future minimum lease payments used in determining lease classification represent the minimum rental payments called for over the lease term, inclusive of residual value guarantees (if applicable) and amounts that would be required to be paid, if any, by the Company upon default for leases containing subjective acceleration or cross default clauses.

In connection with various operating leases, we issued residual value guarantees, which provide that if we do not purchase the leased equipment from the lessor at the end of the lease term, we are liable to the lessor for an amount equal to the shortage (if any) between the proceeds from the sale of the equipment and an agreed value. To the extent we believe any manufacturer will refuse or be unable to meet its obligation, we recognize additional rental expense to the extent we believe the fair market value at the lease termination will be less than our obligation to the lessor. We believe that proceeds from the sale of equipment under operating leases would exceed the payment obligation on substantially all operating leases.

Stock-based Compensation — We issue several types of stock-based compensation, including awards that vest, based on service and performance conditions or a combination of service and performance conditions. Performance-based awards vest contingent upon meeting certain performance criteria established by our compensation committee. All awards require future service and thus forfeitures are estimated based on historical forfeitures and the remaining term until the related award vests. ASC 718, *Compensation – Stock Compensation*, requires that all stock-based payments to employees, including grants of employee stock options, be recognized in the financial statements based upon a grant-date fair value of an award. Determining the appropriate amount to expense in each period is based on likelihood and timing of achievement of the stated targets for performance-based awards, and requires judgment, including forecasting future financial results and market performance. The estimates are revised periodically, based on the probability and timing of achieving the required performance targets, and adjustments are made as appropriate. Awards that are only subject to time-vesting provisions are amortized using the straight-line method. Awards subject to time-based vesting and performance conditions are amortized using the individual vesting tranches.

Legal Settlements and Reserves — See Note 19 in Part II Item 8 of this Annual Report.

Recently Issued Accounting Pronouncements

See Note 3 under Part II Item 8 of this Annual Report for recently issued accounting pronouncements that could have an impact on our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure from variable interest rates, primarily related to our 2017 Debt Agreement, and 2015 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 2.3% as of December 31, 2017). Assuming the level of borrowings as of December 31, 2017, a hypothetical one percentage point increase in interest rates would increase our annual interest expense by $8.0 million.

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 United States, as reported by the United States Department of Energy, increased from an average of $2.30 per gallon for 2016 to $2.65 per gallon for 2017. 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.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of the Company as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016, and 2015, together with related notes and the report of Grant Thornton LLP, independent registered public accountants, are set forth on the following pages. Other required financial information set forth herein is more fully described in Item 15 of this Annual Report.

Audited Financial Statements of Knight-Swift Transportation Holdings Inc.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Knight-Swift Transportation Holdings Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Knight-Swift Transportation Holdings Inc. (an Arizona corporation) and subsidiaries (the “Company”) as of December 31, 2017 and 2016, the related consolidated income statements, comprehensive income, changes in stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated March 1, 2018, expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2011.

Phoenix, Arizona
March 1, 2018

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Consolidated Balance Sheets

	December 31, 2017	December 31, 2016
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 76,649	$ 8,021
Cash and cash equivalents — restricted	73,657	—
Restricted investments, held to maturity, amortized cost	22,232	—
Trade receivables, net of allowance for doubtful accounts of $14,829 and $2,727, respectively	574,265	133,846
Equipment sales receivables	8,925	8,321
Notes receivable, net	4,742	560
Prepaid expenses	58,525	13,244
Assets held for sale	25,153	9,634
Income tax receivable	55,114	8,406
Other current assets	23,945	8,159
Total current assets	923,207	190,191
Property and equipment:		
Revenue equipment	2,197,158	910,042
Land and land improvements	216,676	54,106
Buildings and building improvements	357,409	145,866
Furniture and fixtures	43,131	20,241
Shop and service equipment	22,864	16,859
Leasehold improvements	9,905	4,735
Total property and equipment	2,847,143	1,151,849
Less: accumulated depreciation and amortization	(462,922)	(348,991)
Property and equipment, net	2,384,221	802,858
Notes receivable, long-term	11,060	3,047
Goodwill	2,887,867	47,031
Intangible assets, net	1,440,903	2,575
Other long-term assets, restricted cash, and investments	36,184	32,823
Total assets	$ 7,683,442	$ 1,078,525
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 119,867	$ 18,006
Accrued payroll and purchased transportation	107,017	25,017
Accrued liabilities	186,076	16,722
Claims accruals – current portion	147,285	18,633
Long-term debt – current portion	30	—
Capital lease obligations – current portion	48,972	—
Dividend payable – current portion	303	272
Total current liabilities	609,550	78,650
Revolving line of credit	125,000	18,000
Long-term debt – less current portion	364,771	—
Capital lease obligations – less current portion	127,132	—
Accounts receivable securitization	305,000	—
Claims accruals – less current portion	206,144	13,290
Deferred tax liabilities	679,077	178,000
Long-term dividend payable and other long-term liabilities	26,398	1,854
Total liabilities	2,443,072	289,794
Commitments and contingencies (notes 17, 18, and 19)		
Stockholders' equity:		
Preferred stock, par value $0.01 per share; 10,000 shares authorized; none issued	—	—

Class A common stock, par value $0.01 per share; 500,000 shares authorized; 177,998 and 80,229 shares issued and outstanding as of December 31, 2017 and December 31, 2016, respectively		1,780		802
Class B common stock, par value $0.01 per share; Authorized 250,000 shares; none issued		—		—
Additional paid-in capital		4,219,214		223,267
Retained earnings		1,016,738		562,404
Total Knight-Swift stockholders' equity		5,237,732		786,473
Noncontrolling interest		2,638		2,258
Total stockholders' equity		5,240,370		788,731
Total liabilities and stockholders' equity	$	7,683,442	$	1,078,525

See accompanying notes to consolidated financial statements.

Consolidated Income Statements

	2017	2016	2015
	(In thousands, except per share data)		
Operating revenue:			
Revenue before fuel surcharge	$ 2,179,873	$ 1,028,148	$ 1,061,739
Fuel surcharge	245,580	89,886	121,225
Total revenue	2,425,453	1,118,034	1,182,964
Operating expenses:			
Salaries, wages, and benefits	688,543	333,929	334,069
Fuel	274,956	129,696	152,752
Operations and maintenance	164,307	76,246	80,855
Insurance and claims	95,199	34,441	33,632
Operating taxes and licenses	40,544	18,728	18,911
Communications	10,691	4,182	4,095
Depreciation and amortization of property and equipment	193,733	115,660	110,523
Amortization of intangibles	13,372	500	500
Rental expense	74,224	5,036	4,695
Purchased transportation	594,113	233,863	246,864
Impairments	16,844	—	—
Miscellaneous operating expenses, net	41,781	17,274	18,068
Merger-related costs	16,516	—	—
Total operating expenses	2,224,823	969,555	1,004,964
Operating income	200,630	148,479	178,000
Other income (expenses):			
Interest income	1,207	309	460
Interest expense	(8,686)	(897)	(998)
Other income, net	558	4,939	9,042
Total other (expense) income, net	(6,921)	4,351	8,504
Income before income taxes	193,709	152,830	186,504
Income tax (benefit) expense	(291,716)	57,592	68,047
Net income	485,425	95,238	118,457
Net income attributable to noncontrolling interest	(1,133)	(1,375)	(1,739)
Net income attributable to Knight-Swift	$ 484,292	$ 93,863	$ 116,718
Earnings per share:			
Basic	$ 4.38	$ 1.17	$ 1.43
Diluted	$ 4.34	$ 1.16	$ 1.42
Dividends declared per share:	$ 0.24	$ 0.24	$ 0.24
Weighted average shares outstanding:			
Basic	110,657	80,362	81,491
Diluted	111,697	81,228	82,467

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

	2017	2016	2015
		(In thousands)	
Net income	$ 485,425	$ 95,238	$ 118,457
Other comprehensive income, net of income taxes:			
Realized gains from available-for-sale securities reclassified to net income (1)	—	(2,771)	(5,273)
Unrealized gains (losses) from changes in fair value of available-for-sale securities (2)	—	198	(4,385)
Other comprehensive income, net of income taxes:	—	(2,573)	(9,658)
Comprehensive income, net of income taxes	485,425	92,665	108,799
Comprehensive income attributable to noncontrolling interest	—	(1,375)	(1,739)
Comprehensive income attributable to Knight-Swift	$ 485,425	$ 91,290	$ 107,060

(1) Net of current income tax expense of $1,723 and $3,318 in 2016 and 2015, respectively.

(2) Net of deferred income tax expense (benefit) of $104 and $(2,870) in 2016 and 2015, respectively.

See accompanying notes to consolidated financial statements.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Consolidated Statements of Stockholders' Equity

	Class A Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Knight-Swift Transportation Stockholder's Equity	Noncontrolling Interest	Total Stockholders' Equity
	(In thousands)							
Balances, December 31, 2014	81,842	$ 818	$ 185,184	$ 479,527	$ 12,231	$ 677,760	$ 1,515	$ 679,275
Issuance of common stock to employees	720	8	9,923			9,931		9,931
Issuance of common stock to the board of directors	12	—	354			354		354
Company shares repurchased	(1,607)	(16)		(45,329)		(45,345)		(45,345)
Shares withheld – restricted stock unit settlement				(1,843)		(1,843)		(1,843)
Excess tax benefit of stock option exercises			3,175			3,175		3,175
Employee stock-based compensation expense			7,012			7,012		7,012
Cash dividends paid and dividends accrued				(19,706)		(19,706)		(19,706)
Net income attributable to Knight-Swift				116,718		116,718		116,718
Other comprehensive income, net of income taxes					(9,658)	(9,658)		(9,658)
Distribution to noncontrolling interest							(1,280)	(1,280)
Net income attributable to noncontrolling interest							1,739	1,739
Balances, December 31, 2015	80,967	$ 810	$ 205,648	$ 529,367	$ 2,573	$ 738,398	$ 1,974	$ 740,372
Issuance of common stock to employees	832	8	13,180			13,188		13,188
Issuance of common stock to the board of directors	15	—	398			398		398
Company shares repurchased	(1,585)	(16)		(39,857)		(39,873)		(39,873)
Shares withheld – restricted stock unit settlement				(1,631)		(1,631)		(1,631)
Employee stock-based compensation expense			4,041			4,041		4,041
Cash dividends paid and dividends accrued				(19,338)		(19,338)		(19,338)
Net income attributable to Knight-Swift				93,863		93,863		93,863
Other comprehensive income, net of income taxes					(2,573)	(2,573)		(2,573)
Distribution to noncontrolling interest							(1,091)	(1,091)
Net income attributable to noncontrolling interest							1,375	1,375
Balances, December 31, 2016	80,229	$ 802	$ 223,267	$ 562,404	$ —	$ 786,473	$ 2,258	$ 788,731
2017 Merger reverse split of Swift shares	97,031	971	3,975,832			3,976,803	102	3,976,905
Issuance of common stock to employees	718	7	13,151			13,158		13,158
Issuance of common stock to the board of directors	12	—	398			398		398
Shares issued under employee stock purchase plan	8	—	324			324		324
Shares withheld – restricted stock unit settlement				(4,709)		(4,709)		(4,709)
Employee stock-based compensation expense			6,242			6,242		6,242
Cash dividends paid and dividends accrued				(25,249)		(25,249)		(25,249)
Net income attributable to Knight-Swift				484,292		484,292		484,292
Distribution to noncontrolling interest							(855)	(855)

Net income attributable to noncontrolling interest							1,133	1,133
Balances, December 31, 2017	177,998	$ 1,780	$ 4,219,214	$ 1,016,738	$ —	$ 5,237,732	$ 2,638	$ 5,240,370

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	2017	2016	2015
		(In thousands)	
Cash flows from operating activities:			
Net income	$ 485,425	$ 95,238	$ 118,457
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property, equipment, and intangibles	207,105	116,160	111,023
Amortization of debt issuance costs and other	209	—	—
Gain on sale of equipment	(8,939)	(8,124)	(15,346)
Earn-out on sold investment	—	—	(208)
Gain from available-for-sale securities	—	(4,494)	(8,591)
Impairments	16,844	—	—
Deferred income taxes	(305,584)	5,454	21,532
Provision for doubtful accounts and notes receivable	5,245	882	1,359
Non-cash compensation expense for issuance of common stock to certain members of the board of directors	398	398	354
Excess tax benefits from stock-based compensation	—	—	(3,175)
Stock-based compensation expense	6,242	4,041	7,012
Income from investment in Transportation Resource Partners	(1,413)	(533)	(422)
Transportation Resource Partners impairment	56	86	177
Increase (decrease) in cash resulting from changes in:			
Trade receivables and equipment sales receivable	(48,454)	(11,099)	10,266
Other current assets	259	6,056	(870)
Prepaid expenses	(1,163)	4,076	103
Income tax receivable	(39,122)	33,561	(22,535)
Other long-term assets	(4,469)	695	(1,236)
Accounts payable	(29,890)	3,788	(8,543)
Accrued liabilities and claims accrual	35,820	(2,831)	(3,592)
Net cash provided by operating activities	318,569	243,354	205,765
Cash flows from investing activities:			
Increase in cash and cash equivalents — restricted	(10,215)	(6)	(18)
Proceeds from maturities of held-to-maturity investments	10,730	—	—
Purchases of held-to-maturity investments	(10,893)	—	—
Proceeds from sale of available-for-sale securities	—	7,403	12,528
Proceeds from sale of property and equipment, including assets held for sale	82,731	65,595	72,246
Purchases of property and equipment	(387,191)	(154,596)	(221,660)
Proceeds from notes receivable	3,778	1,797	1,779
Expenditures on assets held for sale	(1,553)	—	—
Payments received on equipment sale receivables	1,505	—	—
Cash payments to Transportation Resource Partners	(1,172)	(21,709)	(70)
Cash proceeds from Transportation Resource Partners	9,846	496	360
Investment in Barr-Nunn Transportation	—	—	(3,500)
Cash and cash equivalents received with 2017 Merger	28,493	—	—
Net cash used in investing activities	(273,941)	(101,020)	(138,335)

See accompanying notes to consolidated financial statements.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

	2017	2016	2015
		(In thousands)	
Cash flows from financing activities:			
Repayment of long-term debt and capital leases	(503,153)	—	—
Proceeds from long-term debt	400,000	—	—
Repayments on Knight Revolver, net	(18,000)	(94,000)	(22,400)
Borrowings on Revolver, net	125,000	—	—
Borrowings under accounts receivable securitization	40,000	—	—
Payment of deferred loan costs	(2,312)	—	—
Proceeds from common stock issued	13,483	13,188	9,930
Share withholding for taxes due on equity awards	(4,709)	(1,631)	—
Payments to repurchase company's common stock	—	(39,873)	(45,345)
Dividends paid	(25,454)	(19,597)	(19,885)
Cash distribution to noncontrolling interest holder	(855)	(1,091)	(1,280)
Excess tax benefits from stock-based compensation	—	—	3,175
Net cash provided by (used in) financing activities	24,000	(143,004)	(75,805)
Net increase (decrease) in cash and cash equivalents	68,628	(670)	(8,375)
Cash and cash equivalents at beginning of period	8,021	8,691	17,066
Cash and cash equivalents at end of period	$ 76,649	$ 8,021	$ 8,691

	2017	2016	2015
		(In thousands)	
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$ 9,286	$ 941	$ 1,037
Income taxes	51,817	18,467	65,594
Non-cash investing and financing activities:			
Equipment acquired included in accounts payable	$ 8,361	$ 3,619	$ 4,251
Equipment sales receivables	350	—	—
Financing provided to independent contractors for equipment sold	3,316	1,310	787
Transfer from property and equipment to assets held for sale	45,016	30,755	49,786
Capital lease additions	15,020	—	—
Net dividend accrued for restricted stock units	73	103	178

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 — Introduction and Basis of Presentation

Certain acronyms and terms used throughout this Annual Report are specific to Knight-Swift, 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 December 31, 2017, the Company's fleet of revenue equipment included 23,069 tractors (comprised of 18,381 company tractors and 4,688 independent contractor tractors), 74,949 trailers, and 9,122 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. 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. The shares of Class A 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. Therefore, Knight's historical results of operations replaced Swift's historical results of operations for all periods prior to the 2017 Merger. More specifically, the accompanying consolidated financial statements for periods prior to the 2017 Merger are those of Knight and its subsidiaries, and for periods subsequent to the 2017 Merger, also include Swift.

In identifying Knight as the Accounting Acquirer, management took into account the structure of the 2017 Merger, the composition of the combined company's board of directors and the designation of certain senior management positions of the combined company, among other factors.

See Note 4 for further details of the 2017 Merger, including discussion of the purchase price allocation applied, as well as Note 21 for further discussion related to the treatment of the Swift equity awards assumed pursuant to the 2017 Merger.

Basis of Presentation

The consolidated financial statements and footnotes included in this Annual Report should be read in conjunction with the consolidated financial statements and footnotes included in Knight's 2016 Annual Report. The consolidated financial statements include the accounts of Knight-Swift Transportation Holdings Inc. and its subsidiaries. In management's opinion, these consolidated financial statements were prepared in accordance with GAAP and include all adjustments necessary (consisting of normal recurring adjustments) for the fair presentation of the periods presented.

With respect to transactional/durational data, references to years, such as "2017", "2016", "2015", "2014", and "2013" pertain to calendar years. Similarly, references to quarters, such as "first", "second", "third", and "fourth" pertain to calendar quarters.

Note regarding comparability — Based on the structure of the 2017 Merger, the historical financial statements of Knight are the historical financial statements of the combined company for all periods prior to the 2017 Merger. The Company's 2017 results of operations include the results of operations of Swift after September 8, 2017. Results for periods on and prior to September 8, 2017 reflect only those of Knight and do not include the results of operations of Swift. Accordingly, comparisons between the Company's 2017 results and prior periods may not be meaningful.

Joint ventures — The financial activities of the following entities with which the Company has joint ventures are consolidated. The noncontrolling interest for these entities is presented as a separate component of the consolidated financial statements.

- In 2014, Knight formed an Arizona limited liability company, now known as Kold Trans, LLC, for the purpose of expanding its refrigerated trucking business. Knight is entitled to 80.0% of the profits of the entity and has effective control over the management of the entity.
- In 2010, Knight partnered with a non-related investor to form an Arizona limited liability company for the purpose of sourcing commercial vehicle parts. Knight acquired a 52.0% ownership interest in this entity.

Equity and cost method investments — Refer to Note 7 for basis of presentation disclosures regarding Knight's equity and cost method investments in Transportation Resource Partners.

Changes in Presentation

Beginning in 2017, the Company made the following changes in presentation:

- Equipment sales receivables are separately presented within "Total current assets" in the consolidated balance sheets. The prior period presentation has been retrospectively adjusted to reclassify the amount out of "Trade receivables, net of allowance for doubtful accounts" and into the new line item "Equipment sales receivable." The change in presentation has no net impact on "Total current assets."
- Rental expenses related to revenue equipment are separately presented within "Total operating expenses" in the consolidated income statements. The prior period presentation has been retrospectively adjusted to reclassify the amount out of "Miscellaneous operating expenses" and into the new line item "Rental expense." The change in presentation has no net impact on "Total operating expenses."

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 impeding operations. 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. During this period, the profitability of the Company's operations is generally lower than during other parts of the year. Additionally, the Company has seen surges between Thanksgiving and Christmas resulting from 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 — Summary of Significant Accounting Policies

Use of Estimates — The preparation of the consolidated financial statements, in accordance with GAAP, requires management to make estimates and assumptions about future events that affect the amounts reported in the Company's consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates and periodically adjusts its estimates and assumptions, based on historical experience, the impact of the current economic environment, and other key factors. Volatile energy markets, as well as changes in consumer spending have increased the inherent uncertainty in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Significant items subject to such estimates and assumptions include:

- carrying amount of property and equipment, intangibles, and goodwill;
- valuation allowances for receivables, inventories, and deferred income tax assets;
- valuation of financial instruments;
- calculation of stock-based compensation;
- estimates of claims accruals;
- leases, and
- contingent obligations.

Segments — The Company uses the "management approach" to determine its reportable segments, as well as to determine the basis of reporting the operating segment information. Certain of the Company's operating segments have been aggregated into reportable segments. The management approach focuses on financial information that management uses to make operating decisions. The Company's chief operating decision makers use total revenue, operating expense categories, operating ratios, operating income, and key operating statistics to evaluate performance and allocate resources to the Company's operations.

Operating income is the measure that management uses to evaluate segment performance and allocate resources, which is consistent with GAAP for segment reporting. Operating income should not be viewed as a substitute for GAAP net income (loss). Management believes the presentation of operating income enhances the understanding of the Company's performance by highlighting the results of operations and the underlying profitability drivers of the business segments. Operating income is defined as "Total revenue" less "Operating expenses."

Based on the unique nature of the Company's operating structure, certain revenue-generating assets are interchangeable between segments. Additionally, the Company's chief operating decision makers do not review assets or liabilities by segment to make operating decisions. The Company allocates depreciation and amortization expense of its property and equipment to the segments based on the actual utilization of the asset by the segment during the period.

See Note 25 for additional disclosures regarding the Company's segments.

Cash and Cash Equivalents — Cash and cash equivalents are comprised of cash, money market funds, and highly liquid instruments with insignificant interest rate risk and original maturities of three months or less. Cash balances with institutions may be in excess of Federal Deposit Insurance Corporation ("FDIC") limits or may be invested in sweep accounts that are not insured by the institution, the FDIC, or any other government agency.

Restricted Cash — The Company's wholly-owned captive insurance companies, Red Rock and Mohave, maintain certain operating bank accounts, working trust accounts, and investment accounts. The cash and short-term investments within the accounts are restricted by insurance regulations to fund the insurance claim losses to be paid by the captive insurance companies. Therefore, these cash and short-term investments are classified as "Cash and cash equivalents – restricted" in the consolidated balance sheets.

Restricted Investments — The Company's investments are restricted by insurance regulations to fund the insurance claim losses to be paid by the captive insurance companies. The Company accounts for its investments in accordance with ASC 320, *Investments – Debt and Equity Securities*. Management determines the appropriate classification of its investments in debt securities at the time of purchase and re-evaluates the determination on a quarterly basis. As of December 31, 2017, all of the Company's investments in fixed-maturity securities were classified as held-to-maturity, as the Company has the positive intent and ability to hold these securities to maturity. Held-to-maturity securities are carried at amortized cost. The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Amortization and accretion are reported in "Other income, net" in the consolidated income statements.

Management periodically evaluates restricted investments for impairment. The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in estimated fair value. Management accounts for other-than-temporary impairments of debt securities in accordance with ASC 320, *Investments – Debt and Equity Securities*. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment loss equal to the difference between the debt security's amortized cost and its estimated fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment (i.e., the difference between the security's amortized cost and the present value of projected future cash flows expected to be collected) is recognized in earnings and the remaining portion of the impairment is recognized as a component of accumulated other comprehensive income.

See Note 6 for additional disclosures regarding the Company's restricted investments.

Inventories and Supplies — Inventories and supplies, which are included in "Other current assets" in the consolidated balance sheets, primarily consist of spare parts, tires, fuel, and supplies and are stated at lower of cost or net realizable value. Depending on the class of inventory, cost is determined using the first-in, first-out method or average cost.

Property and Equipment — Property and equipment is stated at cost less accumulated depreciation. Costs to construct significant assets include capitalized interest incurred during the construction and development period. Expenditures for replacements and improvements are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation of property and equipment is calculated on a straight-line basis down to the salvage value, as applicable, over the following estimated useful lives:

Category:	**Range (in years)**		
Revenue equipment	4	—	20
Shop and service equipment	2	—	10
Land improvements	5	—	15
Buildings and building improvements	10	—	40
Furniture and fixtures	3	—	10
Leasehold improvements	Life of the lease		

Net gains on the disposal of property and equipment are presented in the consolidated income statements within miscellaneous operating expenses, net.

Tires on purchased revenue equipment are capitalized along with the related equipment cost when the vehicle is placed in service and depreciated over the life of the vehicle. Replacement tires are classified as inventory and expensed when placed in service.

Management evaluates its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360, *Property, Plant and Equipment*. When such events or changes in circumstances occur, management performs a recoverability test that compares the carrying amount with the projected undiscounted cash flows from the use and eventual disposition of the asset or asset group. An impairment is recorded for any excess of the carrying amount over the estimated fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

Intangible Assets other than Goodwill — The Company's intangible assets other than goodwill primarily consist of acquired customer relationships and trade names from the 2017 Merger, as well as intangibles from Knight's 2014 acquisition of Barr-Nunn Transportation, Inc. and certain of its affiliates. Amortization of acquired customer relationships is calculated on a straight-line basis over the estimated useful life, which ranges from 5 years to 20 years. The trade names have indefinite useful lives and are not amortized, but are tested for impairment at least annually, unless events occur or circumstances change between annual tests that would more likely than not reduce the fair value.

Management reviews its intangible assets for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable, in accordance with ASC 350, *Intangibles – Goodwill and Other*. When such events or changes in circumstances occur, management performs a recoverability test that compares the carrying amount with the projected discounted cash flows from the use and eventual disposition of the asset or asset group. An impairment is recorded for any excess of the carrying amount over the estimated fair value, which is generally determined using discounted future cash flows.

See Notes 4 and 11 for additional disclosures regarding the Company's intangible assets.

Goodwill — Management evaluates goodwill on an annual basis as of June 30th, or more frequently if indicators of impairment exist. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company conducts a two-step quantitative goodwill impairment test. The first step of the quantitative impairment test involves comparing the fair values of the applicable reporting units with their carrying values. Management estimates the fair values of its reporting units using a combination of the income and market approaches. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, then management performs the second step of the quantitative impairment test. The second step of the quantitative impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. Any amount by which the carrying value of the goodwill exceeds its implied fair value is recognized as an impairment loss. Refer to Note 11 for discussion of the results of the Company's annual evaluation as of June 30, 2017.

See Notes 4 and 11 for additional disclosures regarding the Company's goodwill.

Claims Accruals — The Company is self-insured for a portion of its risk related to auto liability, workers' compensation, property damage, and cargo damage. Self-insurance results from buying insurance coverage that applies in excess of a retained portion of risk for each respective line of coverage. The Company accrues for the cost of the uninsured portion of pending claims by evaluating the nature and severity of individual claims and by estimating future claims development based upon historical claims development trends. The actual cost to settle self-insured claim liabilities may differ from the Company's reserve estimates due to legal costs, claims that have been incurred but not reported, and various other uncertainties, including the inherent difficulty in estimating the severity of the claims and the potential judgment or settlement amount to dispose of the claim.

See Notes 13 and 19 for additional disclosures regarding the Company's claims accruals.

Operating Leases — In accordance with ASC 840, *Leases*, property and equipment held under operating leases, and liabilities related thereto, are off-balance sheet. All expenses related to operating leases are reflected in the consolidated income statements in "Rental expense." At lease inception, management determines whether the lease should be classified as operating or capital lease, based on the guidance set forth in ASC 840. Additionally at lease inception, management determines the useful life and estimates residual values of the related equipment. Future minimum lease payments used in determining lease classification represent the minimum rental payments called for over the lease term, inclusive of residual value guarantees (if applicable) and amounts that would be required to be paid, if any, by the Company upon default for leases containing subjective acceleration or cross default clauses.

In connection with various operating leases, we issued residual value guarantees, which provide that if we do not purchase the leased equipment from the lessor at the end of the lease term, we are liable to the lessor for an amount equal to the shortage (if any) between the proceeds from the sale of the equipment and an agreed value. To the extent we believe any manufacturer will refuse or be unable to meet its obligation, we recognize additional rental expense to the extent we believe the fair market value at the lease termination will be less than our obligation to the lessor. We believe that proceeds from the sale of equipment under operating leases would exceed the payment obligation on substantially all operating leases.

See Note 17 for additional disclosures regarding the Company's operating leases.

Fair Value Measurements — See Note 23 for accounting policies and financial information relating to fair value measurements.

Contingencies — See Note 19 for accounting policies and financial information related to contingencies.

Revenue Recognition — In accordance with ASC 605-20-25-13, *Services for Freight-in-Transit at the End of a Reporting Period,* the Company currently recognizes operating revenue and the related direct costs of such revenue when persuasive evidence of an arrangement exists, the fee is fixed and determinable, and collectability is probable, all of which occur as of the date the freight is delivered.

Credit terms for customer accounts are generally on a net 30 day basis. The Company establishes an allowance for doubtful accounts based on historical experience and any known trends or uncertainties related to customer billing and account collectability. The Company reviews the adequacy of its allowance for doubtful accounts on a quarterly basis. Uncollectible accounts are written off when deemed uncollectible, and accounts receivable are presented net of an allowance for doubtful accounts.

The Company recognizes operating lease revenue from leasing tractors and related equipment to independent contractors. Operating lease revenue from rental operations is recognized as earned, which is straight-lined per the rent schedules in the lease agreements. Losses from lease defaults are recognized as offsets to revenue.

Stock-based Compensation — The Company accounts for stock-based compensation expense in accordance with ASC 718, *Compensation – Stock Compensation.* ASC 718 requires that all share-based payments to employees and non-employee directors, including grants of employee stock options, be recognized in the financial statements based upon a grant-date fair value of an award. The fair value of performance units is estimated using the Monte Carlo Simulation valuation model. Equity awards settled in cash are remeasured at each reporting period and are recognized as a liability in the consolidated balance sheets during the vesting period until settlement. The fair value of stock options is estimated using the Black-Scholes option-valuation model. The Company calculates the number of awards expected to vest as awards granted, less expected forfeitures over the life of the award (estimated at grant date). Compensation expense is recorded on a straight-line basis, by amortizing the grant-date fair value over the requisite service period of the entire award. Unless a material deviation from the assumed forfeiture rate is observed during the term in which the awards are expensed, any adjustment necessary to reflect differences in actual experience is recognized in the period the award becomes payable or exercisable. See Note 21 for additional information relating to the Company's stock compensation plan.

Income Taxes — Management accounts for income taxes under the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences of events that have been included in the consolidated financial statements. Additionally, deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and respective tax bases of assets and liabilities (using enacted tax rates in effect for the year in which the differences are expected to reverse). The effect on deferred tax assets and liabilities of changes in tax rates is recognized in income in the period that includes the enactment date. Net deferred incomes taxes are classified as noncurrent in the consolidated balance sheets.

A valuation allowance is provided against deferred tax assets if the Company determines it is more likely than not that such assets will not ultimately be realized. In making such determinations, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial operations.

Unrecognized tax benefits are defined as the difference between a tax position taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to ASC 740, Income Taxes. The Company does not recognize a tax benefit for uncertain tax positions unless it concludes that it is more likely than not that the benefit will be sustained on audit (including resolutions of any related appeals or litigation processes) by the taxing authority, based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in the management's judgment, is greater than 50% likely to be realized. The Company records expected incurred interest and penalties related to unrecognized tax positions in "Income tax (benefit) expense" in the consolidated income statements. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision.

See Note 14 for additional disclosures regarding the Company's income taxes.

Note 3 — Recently Issued Accounting Pronouncements, Not Yet Adopted

Date Issued	Reference	Description	Expected Adoption Date and Method	Financial Statement Impact
January 2017	2017-04: *Intangibles – Goodwill and Other* (Topic 350) *Simplifying the Test for Goodwill Impairment*	The amendments in this ASU are intended to simplify subsequent measurement of goodwill. The key amendment in the ASU eliminates Step 2 from the goodwill impairment test, in which entities measured a goodwill impairment loss by comparing the implied fair value to the carrying amount of a reporting unit's goodwill. Instead, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value with the carrying amount of a reporting unit and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.	January 2020, prospective	Currently under evaluation; not expected to be material
January 2017	2017-03: *Accounting Changes and Error Corrections* (Topic 250) and *Investments – Equity Method and Joint Ventures* (Topic 323) – *Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings*	The amendments in this ASU that are relevant to the Company pertain to disclosures around the impact that recently issued accounting standards will have on the financial statements of a registrant when such standards are adopted in a future period. The amendments in this ASU indicate that the SEC staff expects that if an entity cannot reasonably estimate the impact of an ASU on the financial statements, then the entity should consider additional qualitative disclosures to assist the reader in assessing the significance of the standard's impact on its financial statements.	Immediate	None - The Company's recently issued accounting pronouncements disclosures are aligned with the amendments in this ASU.
November 2016	2016-18: *Statement of Cash Flows* – (Topic 230) *Restricted Cash (a Consensus of the FASB Emerging Issues Task Force)*	The amendments in this ASU require transfers between cash and equivalents and restricted cash and equivalents, as well as direct cash receipts into and cash payments made from restricted cash and equivalents to be explained in the statement of cash flows. Restricted cash and restricted cash equivalents are to be included in the beginning and ending cash and cash equivalent balance totals on the statement of cash flows.	January 2018; Retrospective	Material impact in cash flow presentation to reclassify restricted cash to "net increase/decrease in cash, restricted cash, and equivalents," and adjust the beginning and ending balances.
October 2016	2016-16: *Income Taxes* (Topic 740) – *Intra-entity Transfers of Assets Other than Inventory*	This ASU states that entities should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs (as compared to current GAAP, which prohibits the recognition of current and deferred income taxes for intra-entity asset transfer until the asset has been sold to an outside party).	January 2018, Modified Retrospective	Currently under evaluation; not expected to be material since the Company's fixed assets are not typically transferred between legal entities for consideration.
August 2016	2016-15: *Statement of Cash Flows* (Topic 230) – *Classification of Certain Cash Receipts and Cash Payments*	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, of which the following are expected to be applicable to the Company: 1) debt prepayment and extinguishment costs, 2) proceeds from settlement of insurance claims, 3) proceeds from settlement of corporate-owned life insurance policies, 4) beneficial interests in securitization transactions, and 5) separately identifiable cash flows and application of the predominance principle.	January 2018, Retrospective	Currently under evaluation; not expected to be material.

Date Issued	Reference	Description	Expected Adoption Date and Method	Financial Statement Impact
June 2016	2016-13: *Financial Instruments – Credit Losses* (Topic 326) – *Measurement of Credit Losses on Financial Instruments*	The purpose of this ASU is to amend the current incurred loss impairment methodology with a new methodology that reflects expected credit losses and requires a broader range of reasonable and supportable information to inform credit loss estimates. This is the final credit accounting standard, out of a series, with detailed guidance on the new loss reserve model, Current Expected Credit Loss ("CECL"). Among other provisions, the amendments in the ASU require a financial asset (or group of assets) measured at amortized cost basis to be presented at the net amount expected to be collected. Entities are no longer required to wait until a loss is probable to record it.	January 2020, Adoption method varies by amendment	Currently under evaluation; not expected to be material.
May 2016	2016-12: *Revenue from Contracts with Customers* (Topic 606) – *Narrow-scope Improvements and Practical Expedients*	The amendments in this ASU clarify certain aspects regarding the collectability criterion, sales taxes collected from customers, noncash consideration, contract modifications, and completed contracts at transition. It additionally clarifies that retrospective application only requires disclosure of the accounting change effect on prior periods presented, not on the period of adoption.	January 2018, Modified retrospective	Currently under evaluation (1)
April 2016	2016-10: *Revenue from Contracts with Customers* (Topic 606) – *Identifying Performance Obligations and Licensing*	The amendments in this ASU clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. The amendments do not change the core principle of the guidance.	January 2018, Modified retrospective	Currently under evaluation (1)
March 2016	2016-08: *Revenue from Contracts with Customers* (Topic 606) – *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*	The amendments in this ASU are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations, but do not change the core principle of the guidance.	January 2018, Modified retrospective	Currently under evaluation (1)
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 by the new guidance.	January 2019, Modified retrospective	Currently under evaluation; expected to be material, but not yet quantifiable.
January 2016	2016-01: *Financial Instruments – Overall* (Subtopic 825-10) *– Recognition and Measurement of Financial Assets and Financial Liabilities*	The amendments in this ASU address various aspects of recognition, measurement, presentation, and disclosure of financial instruments. They additionally establish ASC 321 – *Investments – Equity Securities*, which applies to investments in equity securities and other ownership interests in an entity, including investments in partnerships, unincorporated joint ventures, and limited liability companies.	January 2018, Modified retrospective	Currently under evaluation
August 2015	2015-14: *Revenue from Contracts with Customers* (Topic 606) – *Deferral of the Effective Date*	This ASU deferred the effective date of ASU 2014-09 (Topic 606) to annual reporting periods beginning after December 15, 2017.	January 2018, Modified retrospective	Currently under evaluation (1)

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(1) ***ASC 606, Revenue from Contracts with Customers —*** The Company established an ASC 606 implementation team, which includes support from external experts, to evaluate and implement the standard. The diagnostic phase of assessing the financial and business impacts of implementing the standard is complete and included identifying revenue sources within the Company's lines of business, reviewing a sample of contracts, analyzing the impact on systems, and developing a preliminary assessment. As the diagnostic phase was being finalized, management was concurrently designing and developing solutions in preparation for the implementation phase of the standard. Additionally, management developed internal controls to ensure that the Company properly evaluated the company's material contracts under the five-step model in ASC 606. As of March 1, 2018, management is implementing the necessary changes in accounting, reporting, sales, information technology, internal controls, and other business processes to ensure compliance with the new guidance.

Management identified the following key considerations with respect to accounting and reporting under the new standard:

- identification of what constitutes a contract in the Company's business practices,
- variability in individual contracts, such as customer-specific terms that may vary from the master agreement,
- principal versus agent determinations,
- timing of revenue recognition (for example, point-in-time versus over time and/or accelerated versus deferred),
- single versus multiple performance obligations, including the timing of when such performance obligations are satisfied,
- new/changed estimates and management judgments (for example, system estimation of in-transit accruals versus manual estimation),
- disaggregation of revenue by category within segments, and
- others.

The Company considered its various operating segments, determining that the key segments affected will be its four trucking segments (Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated), as well as its intermodal, logistics, and shop businesses. The Company's other streams of revenue within Swift's non-reportable segments (specifically its leasing and captive insurance subsidiaries) were determined to be out of scope.

The most notable impact on the Company of the new standard pertains to recognizing revenue at a point in time versus over time. Under ASC 605, the Company recognized revenue at the point in time that the freight was delivered. Beginning in the first quarter of 2018, under ASC 606, the Company will recognize revenue that is in-transit at period end, as estimated in days. As such, timing of revenue recognition (as well as the related variable costs) between reportable periods will change, but the net impact on the Company's results of operations on each reportable period is expected to be immaterial. Management expects to continue recognizing revenue on a gross basis, consistent with past practices. Additionally, there was no change in management's determination of principal versus agent for its recognition of revenue under ASC 606, compared to ASC 605.

Since the Company is applying the modified retrospective approach of adoption, a cumulative-effect adjustment to retained earnings will be recorded in the first quarter of 2018, and the prior year information will not be adjusted. Based on the information currently available, management expects a cumulative-effect adjustment to retained earnings in the first quarter of 2018 to be in the range of $3.0 million to $6.0 million, which reflects the operating revenue impact, net of related variable costs and income taxes.

Management is currently evaluating the impact on its accounting policies and other required disclosures that will be effective in the Quarterly Report on Form 10-Q for the first quarter of 2018. Management is expecting updates to the Company's footnote disclosures around revenue recognition, as the new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers, as well as significant management judgment used in measurement and recognition of revenue. Management is not expecting any changes in financial statement classification. Additionally, no impact on the Company's debt covenants is expected. Since management is continuing to evaluate the impact of the standard, disclosures around these preliminary assessments are subject to change.

Note 4 — Merger and Purchase Price Allocation

2017 Merger

On September 8, 2017, pursuant to the Agreement and Plan of Merger, dated as of April 9, 2017, by Swift Transportation Company, Bishop Merger Sub, Inc., a direct wholly owned subsidiary of Swift ("Merger Sub"), and Knight Transportation, Inc., Merger Sub merged with and into Knight, with Knight surviving as a direct wholly owned subsidiary of Swift (the "2017 Merger"). Immediately prior to the effective time of the 2017 Merger (the "Effective Time"), the certificate of incorporation of the Company was amended and restated (the "Amended Company Charter") to reflect, among other things, that:

(1) the Company's corporate name changed from "Swift Transportation Company" to "Knight-Swift Transportation Holdings Inc."; and

(2) each issued and outstanding share of Class B common stock, par value $0.01 per share, of Swift was converted (the "Class B Conversion") into one share of Class A common stock, par value $0.01 per share, of Swift and immediately thereafter, each issued and outstanding share of Swift Class A common stock (including each share of Swift Class A common stock into which the shares Swift Class B common stock was converted pursuant to the Class B Conversion) was, by means of a reverse stock split (the "Reverse Split"), consolidated into 0.72 of a share of Class A common stock of the Company. No fractional shares of Class A common stock were issued in the Reverse Split, and, in connection with the Reverse Split, holders of Class A common stock became entitled to receive cash in lieu of any fractional shares in accordance with the Amended Company Charter.

At the Effective Time, each share of Knight common stock, par value $0.01 per share, of Knight ("Knight Common Stock") issued and outstanding immediately prior to the Effective Time (other than shares held in the treasury of Knight or owned or held, directly or indirectly, by Swift or any wholly owned subsidiary of Swift or Knight, in each case not held in a fiduciary capacity on behalf of a third-party) was converted into the right to receive one share of the Company's Class A common stock.

Upon the closing of the 2017 Merger, the shares of Knight common stock that previously traded under the ticker symbol "KNX" on the NYSE ceased trading on, and were delisted from, the NYSE. Shares of the Company's Class A common stock commenced trading on the NYSE, on a post-Reverse Split basis, under the ticker symbol "KNX" on September 11, 2017.

In 2017, the Company recorded $16.5 million of direct and incremental costs associated with 2017 Merger-related activities, primarily incurred for legal and professional fees, which were recorded in the "Merger-related costs" line in the consolidated income statements. In association with the 2017 Merger, the Company incurred merger-related bonuses and accelerated stock compensation expense totaling $5.6 million, which is recorded in the "Salaries, wages, and benefits" line in the consolidated income statements. Additionally, the Company incurred $0.9 million in merger-related statutory filing fees and miscellaneous expense, and $0.1 million in independent contractor retention expenses recorded within the "Miscellaneous operating expenses, net" and "Purchased transportation" lines in the consolidated income statements.

Purchase Price Allocation

Following the consummation of the 2017 Merger, Knight and Swift stockholders own approximately 46% and 54%, respectively, of the Company. Based on Knight's $40.85 per share closing price on September 8, 2017 and the fair value of Swift equity awards, consisting of outstanding stock options and certain unvested restricted stock units, and noncontrolling interest assumed by the Company totaling $13.2 million, the 0.72 of a combined company share that the Swift stockholders received in respect of each class A share of Swift had an aggregate fair value of approximately $4.0 billion.

The purchase price allocation for the 2017 Merger is open for adjustments and has been allocated based on estimated fair values of the assets acquired and liabilities assumed at the acquisition date, pending the finalization of certain identified contingent liabilities and the calculation of deferred taxes based upon the underlying tax basis of assets acquired and liabilities assumed and assessment of other tax related items. Management expects that, as more information is obtained, the purchase price allocation disclosed below may change. Any future adjustments to the 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 total fair value consideration transferred:

	(In thousands, except ratio and stock price)
Number of Swift shares outstanding at September 8, 2017	134,765
Swift share consolidation ratio	0.72
Swift shares outstanding post-Reverse Split and immediately prior to the 2017 Merger	97,031
Closing price of Knight on September 8, 2017	$ 40.85
Fair value of equity portion of the 2017 Merger consideration	$ 3,963,712
Fair value of Swift equity awards and noncontrolling interest assumed	13,193
Total fair value of consideration transferred	$ 3,976,905

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

The following is a summary of the allocation of purchase consideration (which is open for adjustments) to the estimated fair value of Swift's assets acquired and liabilities assumed in the 2017 Merger:

	September 9, 2017 Opening Balance Sheet as Reported at September 30, 2017	Fourth Quarter 2017 Adjustments	Adjusted September 9, 2017 Opening Balance Sheet as Reported at December 31, 2017
		(In thousands)	
Fair value of the consideration transferred	$ 3,976,905	$ —	$ 3,976,905
Cash and cash equivalents	$ 28,484	$ —	$ 28,484
Restricted cash and fixed maturity securities	85,615	—	85,615
Trade and other receivables	411,767	—	411,767
Prepaid expenses	44,564	—	44,564
Other current assets	19,736	—	19,736
Property and equipment	1,522,123	—	1,522,123
Identifiable intangible assets (1)	1,285,900	165,800	1,451,700
Other noncurrent assets	18,537	—	18,537
Total assets	3,416,726	165,800	3,582,526
Accounts payable	(188,411)	—	(188,411)
Accrued liabilities	(232,280)	—	(232,280)
Claims accruals	(306,846)	—	(306,846)
Long-term debt and capital lease obligations	(894,681)	—	(894,681)
Deferred tax liabilities (1)	(741,405)	(64,392)	(805,797)
Other long-term liabilities	(18,452)	—	(18,452)
Total liabilities	(2,382,075)	(64,392)	(2,446,467)
Goodwill (1)	$ 2,942,254	$ (101,408)	$ 2,840,846

(1) Adjustments made to identifiable intangible assets, goodwill, and deferred tax liabilities pertain to management's re-evaluation of the royalty rate used associated with certain trade names.

The goodwill is primarily attributable to Swift's existing workforce and the synergies expected to arise after the 2017 Merger. These acquired capabilities, when combined with Knight's business, will result in opportunities that allow us to provide services under contracts that could not have been pursued individually by either Knight or Swift. As noted above, the purchase price allocation is open for adjustments, but the Company has allocated goodwill to its reportable segments (as presented in Note 11). The goodwill will not be deductible for tax purposes.

The estimated fair value of the acquired identifiable intangible assets is based on a valuation completed for Swift, along with related tangible assets, using a combination of the income method and comparable market transactions. Following are the details of the preliminary purchase price allocated to the identifiable intangible assets acquired:

	Estimated Life	Estimated Fair Value as of September 9, 2017	Adjustments	Adjusted Estimated Fair Value as of September 9, 2017
	(years)		(thousands)	
Customer relationships	10 - 20 years	$ 817,200	$ (700)	$ 816,500
Trade name	indefinite	468,700	166,500	635,200
Total identifiable intangible assets		$ 1,285,900	$ 165,800	$ 1,451,700

See (1), above for nature of the adjustments made to intangible assets. The Company assumed certain claims and contingent liabilities, including legal reserves, at the acquisition date. The fair value of these liabilities is open for adjustments and as additional information is obtained, the fair value of these liabilities may change.

The Company's 2017 consolidated financial statements include Swift's results of operations after September 8, 2017 (closing of the 2017 Merger) through December 31, 2017. During 2017, Swift's total revenue and net income included within the Company's consolidated operating results was $1.3 billion and $95.7 million, respectively. Swift's net income for this period includes a $16.8 million impairment charge primarily related to termination of implementation of Swift's ERP system, as well as $12.9 million related to the amortization of intangibles acquired in the 2017 Merger.

The following unaudited pro forma information combines the historical operations of Knight and Swift, giving effect to the 2017 Merger and related transactions as if they had been consummated on January 1, 2016, the beginning of the previous period.

	2017	2016
	(in thousands, except per share data)	
Total revenue	$ 5,136,261	$ 5,149,551
Net income attributable to Knight-Swift	$ 529,922	$ 223,209
Diluted earnings per share	$ 2.97	$ 1.25

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 and by Swift during the periods presented that were directly related to the 2017 Merger, and related income tax effects of these items. As a result of the 2017 Merger, both 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 $57.0 million in 2017 and 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 and Swift 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 2017 Merger. 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 also does not reflect any restructuring or integration-related costs to achieve those potential cost savings.

Note 5 — Marketable Securities

Historically, Knight, from time to time, held certain marketable equity securities classified as available-for-sale securities, which are recorded at fair value with unrealized gains and losses, net of tax, as a component of "Accumulated other comprehensive income (loss)" in stockholders' equity on the accompanying consolidated balance sheets. Realized gains and losses on available-for-sale securities are included in the determination of net income. Management uses specific identification to determine the cost of securities sold, or amounts reclassified out of accumulated other comprehensive income into earnings and included in "Other income" in the accompanying income statements.

The following table shows realized gains during 2017, 2016, and 2015, on certain securities that were classified as available-for-sale:

	2017	2016	2015
		(In thousands)	
Realized Gains:			
Sales proceeds	$ —	$ 7,403	$ 12,528
Cost of securities sold	—	2,909	3,937
Realized gain	$ —	$ 4,494	$ 8,591
Realized gain, net of taxes	$ —	$ 2,771	$ 5,273

Knight disposed of its holdings in available-for-sale equity investments in 2016, leaving no balance on the accompanying consolidated balance sheets as of December 31, 2017 or December 31, 2016.

Refer to Note 23 for additional information regarding fair value measurements of the Company's marketable securities.

Note 6 — Restricted Investments

The following table presents the cost or amortized cost, gross unrealized gains and temporary losses, and estimated fair value of the Company's restricted investments:

	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 certificates of deposit	1,280	—	—	1,280
Restricted investments, held to maturity	$ 22,232	$ —	$ (24)	$ 22,208

The Company did not have any held-to-maturity restricted investments as of December 31, 2016. As of December 31, 2017, the contractual maturities of the restricted investments were one year or less. There were 32 securities that were in an unrealized loss position for less than twelve months as of December 31, 2017. The Company did not recognize any impairment losses related to restricted investments during 2017, 2016, or 2015.

Refer to Note 2 for accounting policy and Note 23 for additional information regarding fair value measurements of restricted investments.

Note 7 — Transportation Resource Partners

From 2003 through 2016, Knight has entered into partnership agreements with entities that make privately-negotiated equity investments, including Transportation Resource Partners ("TRP"), Transportation Resource Partners III, LP ("TRP III"), TRP Capital Partners, LP ("TRP IV"), TRP CoInvest Partners, (NTI) I, LP ("TRP Coinvestment NTI"), and TRP CoInvest Partners, (QLS) I, LP ("TRP Coinvestment QLS"). In these agreements, Knight committed to invest in return for an ownership percentage.

The following table presents ownership and commitment information for Knight's investments in TRP partnerships:

	December 31, 2017			
	Knight's Ownership Interest (4)	Total Commitment (All Partners)	Knight's Contracted Commitment	Knight's Remaining Commitment
	(Dollars in thousands)			
TRP – cost method investment	2.3%	$ 260,000	$ 5,500	$ —
TRP III – equity method investment (1)	4.8%	$ 245,000	$ 15,000	$ 1,739
TRP IV – cost method investment (2)	4.1%	$ 116,000	$ 4,900	$ 2,075
TRP Coinvestment NTI – equity method investment (3)	8.3%	$ 120,000	$ 10,000	$ —
TRP Coinvestment QLS – equity method investment (3)	25.0%	$ 39,000	$ 9,735	$ —

(1) Management anticipates that the following amounts will be due: \$0.9 million in 2018 and \$0.8 million from 2019 through 2020.

(2) Management anticipates that the following amounts will be due: \$1.3 million in 2018, \$0.5 million from 2019 through 2020, \$0.2 million from 2021 through 2022, and \$0.1 million from 2023 through 2024.

(3) The TRP Coinvestments are unconsolidated majority interests. Management considered the criteria set forth in ASC 323, *Investments – Equity Method and Joint Ventures*, to establish the appropriate accounting treatment for these investments. This guidance requires the use of the equity method for recording investments in limited partnerships where the "so minor" interest is not met. As such, the investments are being accounted for under the equity method. Knight's ownership interest reflects its ultimate ownership of the portfolio companies underlying the TRP Coinvestment NTI and TRP Coinvestment QLS legal entities.

(4) Knight's share of the results is included within "Other Income" in the consolidated income statements.

Net investment balances included in "Other long-term assets, restricted cash and investments" in the consolidated balance sheets were as follows:

	December 31,	
	2017	2016
	(in thousands)	
TRP – cost method investment	$ 211	$ 214
TRP III – equity method investment	1,973	5,882
TRP IV – cost method investment	2,577	1,882
TRP Coinvestment NTI – equity method investment	7,579	10,000
TRP Coinvestment QLS – equity method investment	8,054	9,735
Total carrying value	$ 20,394	$ 27,713

Note 8 — Trade Receivables, net

Trade receivables balances were as follows:

	December 31,	
	2017	2016
	(In thousands)	
Trade customers	$ 565,732	$ 123,555
Equipment manufacturers	6,017	468
Other	17,345	12,550
Trade receivables	589,094	136,573
Less: Allowance for doubtful accounts	(14,829)	(2,727)
Trade receivables, net	$ 574,265	$ 133,846

The following is a rollforward of the allowance for doubtful accounts for trade receivables:

	2017	2016	2015
		(In thousands)	
Beginning balance	$ 2,727	$ 3,106	$ 3,355
Provision	4,671	909	1,333
Write-offs directly against the reserve	(1,583)	—	—
Write-offs for revenue adjustments	(3,758)	(1,288)	(1,582)
Other [1]	12,772	—	—
Ending balance	$ 14,829	$ 2,727	$ 3,106

(1) Increase in allowance for doubtful accounts relates to trade receivables assumed from Swift as part of the 2017 Merger. See Note 4 for further details regarding the 2017 Merger.

See Note 15 for a discussion of the Company's accounts receivable securitization program and the related accounting treatment.

Note 9 — Notes Receivable, net

The Company provides financing to independent contractors and other third-parties on equipment sold or leased. Most of the notes are collateralized and are due in weekly installments, including principal and interest payments, ranging from 2% to 20%. Notes receivable are included in "Notes receivable, net" and "Notes receivable, long-term" in the consolidated balance sheets and were comprised of:

	December 31,	
	2017	2016
	(In thousands)	
Notes receivable from independent contractors	$ 8,977	$ 1,039
Notes receivable from third parties	7,865	2,808
Gross notes receivable	16,842	3,847
Allowance for doubtful notes receivable	(1,040)	(240)
Total notes receivable, net of allowance	$ 15,802	$ 3,607
Current portion, net of allowance	4,742	560
Long-term portion	$ 11,060	$ 3,047

The following is a rollforward of the allowance for doubtful notes receivable:

	December 31,		
	2017	2016	2015
	(In thousands)		
Beginning balance	$ 240	$ 273	$ 351
Provision (Reduction)	574	(27)	26
Write-offs	(53)	(6)	(104)
Other (1)	279	—	—
Ending balance	$ 1,040	$ 240	$ 273

(1) Increase in allowance for doubtful notes relates to notes receivable assumed from Swift as part of the 2017 Merger. See Note 4 for further details regarding the 2017 Merger.

Note 10 — Assets Held for Sale

As of December 31, 2017 and 2016, assets held for sale are carried at the lower of depreciated cost or estimated fair value, less expected selling costs when the required criteria, as defined by ASC 360, *Property, Plant, and Equipment,* are satisfied. Depreciation ceases on the date that the held for sale criteria are met. The Company expects to sell these assets within the next twelve months. Revenue equipment held for sale totaled $25.2 million and $9.6 million as of December 31, 2017 and 2016, respectively. The Company had no land or facilities classified as held for sale as of December 31, 2017 or 2016.

Refer to Note 23 for discussion about the Company's impairment losses pertaining to assets held for sale in 2017. The Company did not recognize any impairment losses in 2016 or 2015.

In 2017, 2016, and 2015, the Company sold no operating properties classified as held for sale. Accordingly, there was no gain or loss on disposal of properties recognized. Gain on disposals of property and equipment recognized in the income statements for those years pertain to revenue equipment.

Note 11 — Goodwill and Other Intangible Assets

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

	December 31,	
	2017	2016
	(In thousands)	
Goodwill at beginning of period	$ 47,031	$ 47,050
Amortization relating to deferred tax assets	(10)	(19)
Goodwill related to 2017 Merger	2,840,846	—
Goodwill at end of period	$ 2,887,867	$ 47,031

The following presents the components of goodwill by segment as of December 31, 2017 and 2016:

	December 31,	
	2017	2016
	Net Carrying Amount (1)	Net Carrying Amount (1)
	(In thousands)	
Swift – Truckload	$ 1,150,012	$ —
Swift – Dedicated	779,335	—
Swift – Refrigerated	650,613	—
Swift – Intermodal	175,594	—
Swift – Non-reportable	85,292	—
Knight – Trucking	47,021	47,031
Goodwill	$ 2,887,867	$ 47,031

(1) Except for the net accumulated amortization related to deferred tax assets in the Knight Trucking segment, the net carrying amount and gross carrying amount are equal since there are no accumulated impairment losses.

There were no impairments identified during annual goodwill impairment testing in 2017, 2016, or 2015.

Intangible asset balances were as follows:

	December 31,	
	2017	2016
	(In thousands)	
Customer relationships and non-compete:		
Gross carrying value	$ 820,200	$ 3,700
Accumulated amortization	(14,497)	(1,125)
Customer relationships and non-compete, net	805,703	2,575
Trade name:		
Gross carrying value	635,200	—
Intangible assets, net	$ 1,440,903	$ 2,575

The following table presents amortization of intangible assets related to the 2017 Merger and intangible assets existing prior to the 2017 Merger:

	2017	2016	2015
		(In thousands)	
Amortization of intangible assets related to the 2017 Merger	$ 12,872	$ —	$ —
Amortization of intangible assets existing prior to the 2017 Merger	500	500	500
Amortization of intangibles	$ 13,372	$ 500	$ 500

Identifiable intangible assets subject to amortization have been recorded at fair value. Intangible assets related to acquisitions prior to 2017 are amortized over a weighted-average amortization period of 7.6 years. The Company's customer relationship intangible assets related to the 2017 Merger are being amortized over a weighted average amortization period of 19.9 years.

As of December 31, 2017, management anticipates that the composition and amount of amortization associated with intangible assets will be $41.9 million in each of 2018 and 2019, $41.8 million in each of 2020 and 2021, and $41.7 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.

See Note 2 for accounting policies regarding goodwill and other intangible assets.

Note 12 — Accrued Payroll and Purchased Transportation and Accrued Liabilities

The following table presents the composition of accrued payroll and purchased transportation:

	December 31,	
	2017	2016
	(In thousands)	
Accrued payroll (1)	$ 58,438	$ 7,877
Accrued purchased transportation	48,579	17,140
Accrued payroll and purchased transportation	$ 107,017	$ 25,017

(1) Accrued payroll includes accruals related to the various 401(k) plans the Company offers to its employees. In order to qualify for these plans, employees must meet the minimum age requirement (18 – 21 years) and have completed six months of service with the Company. Employees' rights to employer contributions are fully vested after five years from their date of employment. The plans offer either mandatory matching contributions, capped at $1,600 annually per employee, or discretionary matching contributions, capped at 3% of an employee's compensation.

The Company's employee benefits expense for matching contributions related to the 401(k) plans was approximately $3.9 million, $1.2 million, and $0.8 million in 2017, 2016, and 2015, respectively. This expense was included in "Salaries, wages, and benefits" in the consolidated income statements. As of December 31, 2017 and 2016, the balance included $6.8 million and $0.1 million, respectively, in respect to matching contributions for the 401(k) plans.

The following table presents the composition of accrued liabilities:

	December 31,	
	2017	2016
	(In thousands)	
Accrued legal (1)	121,453	3,006
Other	64,623	13,716
Accrued liabilities	$ 186,076	$ 16,722

(1) See Note 19 for further details regarding the Company's legal accruals.

Note 13 — Claims Accruals

Claims accruals represent the uninsured portion of outstanding claims at year-end. The current portion reflects the amount of claims expected to be paid in the following year. The Company's insurance program for workers' compensation, auto and collision liability, physical damage, independent contractor claims, and cargo damage involves self-insurance with varying risk retention levels.

Claims accruals were comprised of the following:

	December 31, 2017	December 31, 2016
	(In thousands)	
Auto reserves	$ 204,400	$ 21,474
Workers' compensation reserves	126,563	7,935
Independent contractor claims reserves	15,236	—
Cargo damage reserves	4,047	—
Employee medical reserves	3,183	2,514
Claims accruals	353,429	31,923
Less: current portion of claims accruals	(147,285)	(18,633)
Claims accruals, less current portion	$ 206,144	$ 13,290

See Note 2 for accounting policy regarding the Company's claims accruals.

Note 14 — Income Taxes

The following table presents the Company's income tax expense:

	2017	2016	2015
		(In thousands)	
Current expense:			
Federal	$ 4,868	$ 43,638	$ 41,549
State	8,337	8,500	4,966
Foreign	133	—	—
	13,338	52,138	46,515
Deferred (benefit) expense:			
Federal	(323,326)	6,789	19,666
State	17,731	(1,335)	1,866
Foreign	541	—	—
	(305,054)	5,454	21,532
Income tax (benefit) expense	$ (291,716)	$ 57,592	$ 68,047

Rate Reconciliation — Expected tax expense is computed by applying the United States federal corporate income tax rate of 35.0% to earnings before income taxes. Actual tax expense differs from expected tax expense as follows:

	2017	2016	2015
		(In thousands)	
Computed "expected" tax expense	$ 67,798	$ 53,490	$ 65,277
Increase (decrease) in income taxes resulting from:			
State income taxes, net of federal income tax benefit	4,871	4,657	4,441
Statutory rate change effect on deferred taxes	(367,000)	—	—
Other	2,615	(555)	(1,671)
Income tax (benefit) expense	$ (291,716)	$ 57,592	$ 68,047

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Deferred Income Taxes — The components of the net deferred tax asset (liability) included in "Deferred income taxes" in the consolidated balance sheets were:

	December 31,	
	2017	2016
	(In thousands)	
Deferred tax assets:		
Claims accrual	$ 70,564	$ 11,355
Allowance for doubtful accounts	5,117	1,133
Amortization of stock options	4,717	3,101
Accrued liabilities	37,654	1,388
Vacation accrual	3,585	—
Other	7,227	2,345
Total deferred tax assets	128,864	19,322
Valuation allowance	—	—
Total deferred tax assets, net	128,864	19,322
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	(429,917)	(192,363)
Prepaid taxes, licenses, and permits deducted for tax purposes	(10,217)	(2,737)
Intangible assets	(365,564)	—
Other	(2,243)	(2,222)
Deferred tax liabilities	(807,941)	(197,322)
Deferred income taxes	$ (679,077)	$ (178,000)

Valuation Allowance — As of December 31, 2017, the Company had a federal net operating loss carryforward with estimated tax effects of $0.2 million. The federal net operating loss will expire at various times between 2030 and 2032. As of December 31, 2017, the Company had state income tax credit carryforwards for which a deferred tax asset was recorded in the amount of $1.8 million and expires in the year 2021. 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 asserts that it is more likely 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.

Cumulative Undistributed Foreign Earnings — As of December 31, 2017, foreign withholding taxes have not been provided on approximately $58.7 million of cumulative undistributed earnings of foreign subsidiaries. The earnings are considered to be permanently reinvested outside the United States. As such, the Company is not required to provide withholding taxes on these earnings until they are repatriated in the form of dividends or otherwise.

Unrecognized Tax Benefits — The Company's unrecognized tax benefits as of December 31, 2017 would favorably impact the Company's effective tax rate if subsequently recognized.

See Note 2 for accounting policy related to the Company's income taxes.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for 2017, 2016 and 2015 is as follows:

	2017	2016	2015
		(In thousands)	
Unrecognized tax benefits at beginning of year	$ 729	$ —	$ —
Increases for tax positions taken prior to beginning of year	5,432	729	—
Increases for tax positions taken in the current year	935	—	—
Unrecognized tax benefits at end of year	$ 7,096	$ 729	$ —

Increases for tax positions include the impact from tax positions acquired through the 2017 Merger of $6.1 million. The Company believes it is reasonably possible that a decrease of up to $0.7 million in unrecognized tax benefits related to federal tax credit claims for refunds may be necessary within the coming year due to settlement of the claims with the relevant taxing authority.

Interest and Penalties — Accrued interest and penalties as of December 31, 2017 were approximately $0.3 million. The Company had no interest and penalties accrued as of December 31, 2016 or 2015.

Tax Examinations — Certain of the Company's subsidiaries are currently under examination by various state jurisdictions for tax years ranging from 2011 to 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 2012 remain subject to examination.

Regulatory Developments — On December 22, 2017, the United States enacted significant changes to US tax law following the passage and signing of H.R.1, "An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018" (previously known as "The Tax Cuts and Jobs Act" and hereafter "the Act"). The new tax law is complex and includes various changes which may impact the Company. Management estimates that the Act will have a net beneficial impact of $364.2 million, discussed below.

- The Company is subject to the provisions of ASC 740-10, *Income Taxes*, which requires that the effect on deferred tax assets and liabilities as a result of a change in statutory tax rate be recognized in the period in which the tax rate change was enacted. The Company currently expects the enacted reduction in the US corporate income tax rate, to result in a one-time, non-cash decrease to income tax expense of $367.0 million in 2017.
- The Act requires a mandatory deemed repatriation of post-1986 undistributed foreign earnings and profits ("E&P"). A proportional deduction on the deemed repatriation will result in a repatriation transition tax of 15.5% for cash and liquid assets and 8.0% for non-liquid assets. The tax will be assessed regardless of whether or not the Company has cash in its foreign subsidiaries and regardless of whether the Company brings back the earnings. The tax is determined based on the greater of E&P as of two measurement dates (November 2, 2017 or December 31, 2017). The amount of cash and liquid assets is determined based on the greater of the amounts calculated using the two alternative measurement periods. The estimated Transition Tax for 2017 is $2.8 million.

Due to the complexities involved in accounting for the enactment of the Act, SEC Staff Accounting Bulletin ("SAB") 118 allows taxpayers to provide a provisional estimate of the impacts of the Act on the income tax provision for 2017. The accounting for the statutory rate change and Transition Tax described above is estimated using provisional amounts and is not yet complete. We will continue to assess our provision for income taxes as future guidance is issued but do not currently anticipate significant revisions will be necessary. Any such revisions will be treated in accordance with the measurement period guidance outline in SAB No. 118.

Note 15 — Accounts Receivable Securitization

On December 10, 2015, Swift Receivables Company II, LLC ("SRCII") , a wholly-owned subsidiary of Swift, entered into the Third Amendment to Amended and Restated Receivables Sale Agreement ("2015 RSA"), with unrelated financial entities ("The Purchasers"), which further amends the Second Amended and Restated Receivables Sale Agreement. The parties to the 2015 RSA include 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 of letters of credit and as administrator. Pursuant to the 2015 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 facility qualifies for treatment as a secured borrowing under ASC 860, *Transfers and Servicing*. As such, outstanding amounts are classified as liabilities in the Company's consolidated balance sheets. Refer to Note 23 for information regarding the fair value of the 2015 RSA.

The following table summarizes the key attributes of the current securitization program:

	2015 RSA (Dollars in thousands)
Effective	December 2015
Borrowing capacity (1)	$400,000
Final maturity date	January 10, 2019
Unused commitment fee rate	35 basis points
Program fees on outstanding balances	one-month LIBOR + 90 basis points

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(1) The 2015 RSA has an accordion option to increase the maximum borrowing capacity by up to an additional $75.0 million, subject to participation by the Purchasers.

As of December 31, 2017, interest accrued on the aggregate principal balance at a rate of 2.1%. Program fees and unused commitment fees are recorded in "Interest expense" in the consolidated income statements. The Company incurred program fees of $2.2 million during December 31, 2017.

The 2015 RSA is subject to customary fees and contains various customary affirmative and negative covenants, representations and warranties, and default and termination provisions. The Company was in compliance with these covenants as of December 31, 2017. 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.

Note 16 — Debt and Financing

Other than the Company's accounts receivable securitization as discussed in Note 15 and its outstanding capital lease obligations as discussed in Note 17, the Company's long-term debt consisted of the following:

	December 31,	
	2017	2016
	(In thousands)	
Term Loan, due October 2020, net of $645 deferred loan costs(1)	$ 364,355	$ —
Other long-term debt, including current portion	446	—
Total long-term debt, including current portion	364,801	—
Less: current portion of long-term debt	(30)	—
Long-term debt, less current portion	$ 364,771	$ —

	December 31,	
	2017	2016
	(In thousands)	
Total long-term debt, including current portion	$ 364,801	$ —
Knight Revolver, due August 2019 (1) (2)	—	18,000
Revolver, due October 2022 (1) (3)	125,000	—
Long-term debt, including revolving line of credit	$ 489,801	$ 18,000

(1) Refer to Note 23 for information regarding the fair value of debt.

(2) Knight also had outstanding letters of credit under the Knight Revolver of $31.3 million at December 31, 2016, issued to various regulatory authorities and insurance carriers in connection with Knight's self-insurance programs.

(3) The Company also had outstanding letters of credit under the Revolver, primarily related to workers' compensation and self-insurance liabilities of $122.3 million at December 31, 2017.

Credit Agreements

2017 Debt Agreement — On September 29, 2017, Knight-Swift entered into the $1.2 billion 2017 Debt Agreement (which is an unsecured credit facility), with a group of banks, replacing Swift's previous secured 2015 Debt Agreement, and Knight's unsecured 2013 Debt Agreement. The 2017 Debt Agreement includes an $800.0 million Revolver maturing October 2022, $85.0 million of which was drawn at closing, and a $400.0 million Term Loan maturing October 2020. There are no scheduled principal payments on the Term Loan until its maturity.

The 2015 Debt Agreement included a $600.0 million revolving line of credit maturing July 2020 ($35.0 million outstanding as of the closing of the 2017 Debt Agreement) and a $680.0 million Term Loan A ($450.0 million face value outstanding as of closing). Additionally, prior to the 2017 Merger, the 2013 Debt Agreement included a $300.0 million Knight Revolver maturing August 2019, with no balance outstanding as of the closing of the 2017 Debt Agreement. Upon closing of the 2017 Debt Agreement, proceeds from the $400.0 million Term Loan, $85.0 million drawn from the Revolver, and $3.4 million cash on hand were used to pay off the then-outstanding balances and accrued interest and fees under the 2015 Debt Agreement, as well as certain transaction fees and expenses associated with the 2017 Debt Agreement.

Under the 2017 Debt Agreement, the interest rate on the Revolver and the Term Loan is subject to a leverage-based pricing grid and equaled the LIBOR rate plus 1.125% at closing, which is 0.375% lower than the rate applicable under the Swift 2015 Debt Agreement and 0.50% higher than the rate applicable under the 2013 Debt Agreement as of the closing of the 2017 Debt Agreement.

The following table presents the key terms of the 2017 Debt Agreement:

2017 Debt Agreement Terms:	Term Loan	Revolver [2]
	(Dollars in thousands)	
Maximum borrowing capacity	$400,000	$800,000
Final maturity date	October 2, 2020	October 3, 2022
Interest rate base	LIBOR	LIBOR
Interest rate minimum margin [1]	0.88%	0.88%
Interest rate maximum margin [1]	1.50%	1.50%
Minimum principal payment — amount	$—	$—
Minimum principal payment — frequency	Once	Once
Minimum principal payment — commencement date	October 2, 2020	October 3, 2022

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(1) The interest rate margin for the Term Loan and Revolver is based on the Company's consolidated leverage ratio. As of December 31, 2017, interest accrued at 2.694% on the Term Loan and 2.687% on the Revolver.

(2) The commitment fee for the unused portion of the Revolver is based on the Company's consolidated leverage ratio, and ranges from 0.07% to 0.20%. As of December 31, 2017, commitment fees on the unused portion of the Revolver accrued at 0.125% and outstanding letter of credit fees accrued at 1.125%.

Pursuant to the 2017 Debt Agreement, the Revolver and the Term Loan contain certain financial covenants with respect to a maximum net leverage ratio and a minimum consolidated interest coverage ratio. The 2017 Debt Agreement provides flexibility regarding the use of proceeds from asset sales, payment of dividends, stock repurchases and equipment financing. In addition to the financial covenants, the 2017 Debt Agreement includes usual and customary events of default for a facility of this nature and provides that, upon the occurrence and continuation of an event of default, payment of all amounts payable under the 2017 Debt Agreement may be accelerated, and the lenders' commitments may be terminated. The 2017 Debt Agreement contains certain usual and customary restrictions and covenants relating to, among other things, dividends (which would be restricted only if a default or event of default had occurred and was continuing or would result therefrom), liens, affiliate transactions, and other indebtedness. As of December 31, 2017, the Company was in compliance with the debt covenants that the 2017 Debt Agreement was subject to.

Borrowings under the 2017 Debt Agreement are guaranteed by Knight-Swift Transportation Holdings Inc., Swift Transportation Company, Interstate Equipment Leasing, LLC, Knight Transportation, Inc. and the Company's domestic subsidiaries (other than its captive insurance subsidiaries, driving academy subsidiary, and bankruptcy-remote special purpose subsidiary).

Knight Revolver — Prior to the closing of the 2017 Debt Agreement, the 2013 Debt Agreement included the $300.0 million Knight Revolver, which permitted revolving borrowings and letters of credit. The scheduled maturity of the Knight Revolver was August 1, 2019, which was accelerated to December 31, 2017 in connection with the closing of the 2017 Merger. Knight incurred interest on borrowings under the Knight Revolver at either the prime rate or LIBOR plus 0.625%, determined by Knight at the time of borrowing. There were no outstanding borrowings under the Knight Revolver as of December 31, 2017 as a result of its cancellation pursuant to the 2017 Debt Agreement, compared to $18.0 million as of December 31, 2016, recorded within the "Revolving line of credit" of the Company's consolidated balance sheets. Excluding commitment fees incurred for the unused portion of the Knight Revolver, the weighted average variable annual percentage rate for 2017 and 2016 was 1.40%, and 1.32%, respectively. The Knight Revolver was subject to commitment fees for any unused portion at a rate of 0.8%.

See Note 23 for fair value disclosures regarding the Company's debt instruments.

Note 17 — Leases

The Company finances a portion of its revenue equipment under capital and operating leases and certain terminals under operating leases.

Capital Leases (as Lessee) — The Company's capital leases are typically structured with balloon payments at the end of the lease term equal to the residual value the Company is contracted to receive from certain equipment manufacturers upon sale or trade back to the manufacturers. If the Company does not receive proceeds of the contracted residual value from the manufacturer, the Company is still obligated to make the balloon payment at the end of the lease term. Certain leases contain renewal or fixed price purchase options. The present value of obligations under capital leases is included under "Capital lease obligations – current portion" and "Capital lease obligations, less current portion" in the consolidated balance sheets. As of December 31, 2017, the leases were collateralized by revenue equipment with a cost of $173.7 million and accumulated amortization of $9.4 million. Knight had no capital leases as of December 31, 2016 and 2015, therefore no revenue equipment was held as collateral during those periods. Amortization of the equipment under capital leases is included in "Depreciation and amortization of property and equipment" in the Company's consolidated income statements.

Operating Leases (as Lessee) — Operating leases generally include tractors, trailers, chassis, and facilities. Substantially all lease agreements for revenue equipment have fixed payment terms based on the passage of time. The tractor lease agreements generally stipulate maximum miles and provide for mileage penalties for excess miles. These leases generally run for a period of three to five years for tractors and five to seven years for trailers.

Operating and Capital Leases (as Lessee) — As of December 31, 2017, annual future minimum lease payments for all noncancelable leases were:

	Operating	Capital
	(In thousands)	
2018	$ 180,777	$ 53,425
2019	122,950	59,618
2020	76,582	15,146
2021	40,547	30,846
2022	22,487	18,529
Thereafter	36,957	10,919
Future minimum lease payments	$ 480,300	$ 188,483
Less: amounts representing interest		(12,379)
Present value of minimum lease payments		176,104
Less: current portion		(48,972)
Capital lease obligations, less current portion		$ 127,132

Operating Leases (as Lessor) — The Company's wholly-owned financing subsidiaries lease revenue equipment to the Company's independent contractors under operating leases. Annual future minimum lease payments receivable under operating leases for the periods noted below were:

	(In thousands)
2018	$ 75,130
2019	40,573
2020	21,914
2021	7,504
2022	239
Thereafter	—
Future minimum lease payments receivable	$ 145,360

Lease classification is determined based on minimum rental payments per the agreement, including residual value guarantees, when applicable, as well as receivables due to the Company upon default or cross-default. When independent-contractors default on their leases, the Company typically re-leases the equipment to other independent-contractors. As such, future minimum lease payments reflect original leases and re-leases.

Note 18 — Purchase Commitments

As of December 31, 2017, the Company had outstanding commitments to acquire revenue equipment in 2018 of $229.6 million ($195.4 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.

As of December 31, 2017, the Company had outstanding purchase commitments to acquire facilities and non-revenue equipment in 2018 of $6.0 million and none thereafter.

Factors such as costs and opportunities for future terminal expansions may change the amount of such expenditures.

Note 19 — Contingencies and Legal Proceedings

Accounting Policy

The Company is involved in certain claims and pending litigation primarily arising in the normal course of business. The majority of these claims relate to workers' compensation, auto collision and liability, physical damage, and cargo damage, as well as certain class action litigation in which plaintiffs allege failure to provide meal and rest breaks, unpaid wages, unauthorized deductions, and other items. The Company accrues for the uninsured portion of claims losses and the gross amount of other losses when the likelihood of the loss is probable and the amount of the loss is reasonably estimable. These accruals are based on management's best estimate within a possible range of loss. When there is no amount within the range of loss that appears to be a better estimate than any other amount, then management accrues to the low end of the range. Legal fees are expensed as incurred.

When it is reasonably possible that exposure exists in excess of the related accrual (which could be no accrual), management discloses an estimate of the possible loss or range of loss, unless an estimate cannot be determined (because, among other reasons, (1) the proceedings are in various stages that do not allow for assessment; (2) damages have not been sought; (3) damages are unsupported and/or exaggerated; (4) there is uncertainty as to the outcome of pending appeals; and/or (5) there are significant factual issues to be resolved).

If the likelihood of a loss is remote, the Company does not accrue for the loss. However, if the likelihood of a loss is remote, but it is at least reasonably possible that one or more future confirming events may materially change management's estimate within twelve months from the date of the financial statements, management discloses an estimate of the possible loss or range of loss, unless an estimate cannot be determined.

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 reflected in the consolidated financial statements. The Company has recorded an aggregate accrual of approximately $121.5 million relating to the Company's outstanding legal proceedings as of December 31, 2017.

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

Recent Developments and Current Status

On August 29, 2017, the parties in the Slack case reached a settlement. The parties are currently disputing the scope of the settlement release. The likelihood that a loss has been incurred is probable and estimable, and has accordingly been accrued.

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

INDEPENDENT CONTRACTOR MATTERS

Ninth Circuit Independent Contractors 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 and the parties have discussed settlement. Based on the above, the likelihood that a loss has been incurred is probable and estimable, and 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. The parties are currently pursuing court approval of that settlement. The likelihood that a loss has been incurred is probable and estimable, and has accordingly been accrued.

(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 and in some years, depending on the applicable policy year, Knight has been responsible for aggregate losses up to $1.5 million within the primary AL layer. For the policy period March 1, 2017 to March 1, 2018, Knight's SIR is $1.0 million, subject to an annual aggregate limit. For the policy period March 1, 2016 to March 1, 2017, Knight's 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, 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. In the first quarter of 2016, the Knight self-retention level was increased from a maximum of $0.5 million per occurrence to a maximum $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 also maintains primary and excess coverage for employee medical expenses and hospitalization, with self-insured retention of $0.2 million per claimant in 2017 and 2016. Since January 1, 2015, Swift was fully insured on its medical benefits, subject to contributed premiums.

Note 20 — Share Repurchase Programs

In 2011, Knight's board of directors unanimously authorized the repurchase of up to 10.0 million shares of Knight common stock (the "Knight Repurchase Plan"). There were 1.6 million share repurchases under the Knight Repurchase Plan in each of 2016 and 2015. There were no repurchases in 2017. In connection with the 2017 Merger, the Knight Repurchase Plan was terminated.

In February 2016, Swift's board of directors authorized the repurchase of up to $150.0 million of Swift Class A common stock (the "Swift Repurchase Plan"). Following the 2017 Merger, the Swift Repurchase Plan remained in effect. As of December 31, 2017, approximately $62.9 million remained available under the Swift Repurchase Plan to repurchase shares of the Company's Class A common stock. The Company did not repurchase any shares of its Class A common stock under the Swift Repurchase Plan from September 9, 2017 through December 31, 2017.

Note 21 — Stock-based Compensation

2017 Merger Impact — Refer to Note 4 for a summary of the 2017 Merger transaction.

Accounting Perspective — Pursuant to the Merger Agreement, the following stock transactions occurred on September 8, 2017 (the "Merger Date"):

(1) each outstanding Swift stock option fully vested as a result of the 2017 Merger, was converted into a stock option to acquire the Company's shares using a 0.72-for-one share consolidation ratio and adjusting the exercise price using the same consolidation ratio;

(2) each outstanding unvested Swift restricted stock award fully vested as a result of the 2017 Merger, and was converted into the Company's Class A common stock, using the 0.72-for-one share consolidation ratio;

(3) each outstanding unvested Swift restricted stock unit (except for the awards granted in May 2017 that excluded acceleration of vesting related to mergers within the award notices) fully vested as a result of the 2017 Merger, and was converted into the Company's Class A common stock, using the 0.72-for-one share consolidation ratio; and

(4) each outstanding unvested Swift performance share unit (except for one director) fully vested as a result of the 2017 Merger, and was converted into the Company's Class A common stock, using the 0.72-for-one consolidation ratio.

Except for the conversion of stock options, unvested restricted stock awards, unvested restricted stock units, and unvested performance units discussed herein, the material terms of the awards remained unchanged. Prior to the closing of the 2017 Merger, Swift had various unvested equity awards outstanding, of which the vesting was accelerated as of the Merger Date (with the exceptions noted above).

In accordance with authoritative guidance on accounting for stock-based compensation, the Company revalued the awards upon the 2017 Merger closing and allocated the revised fair value between purchase consideration and continuing compensation expense, based on the ratio of service performed through the Merger Date over the total service period of the awards. The total value of Swift awards earned as of the Merger Date included as purchase consideration was $13.1 million. The revised fair value allocated to post-merger services resulted in incremental expense, which is recognized over the remaining service period of the awards. The total value of Swift awards not earned as of the Merger Date was $6.3 million, which is being expensed over the remaining future vesting period. Of this amount, $1.0 million was recorded within "Salaries, wages, and benefits" in the 2017 consolidated income statements. Refer to Note 4 to the consolidated financial statements for further information regarding the 2017 Merger.

Legal Perspective — Pursuant to the Merger Agreement, the following stock transactions occurred on the Merger Date:

(1) each outstanding vested and unvested Knight stock option was assumed by the Company and automatically converted into a stock option to acquire an equal number of Company shares;

(2) each outstanding vested and unvested Knight restricted stock unit was assumed by the Company and automatically converted into a restricted stock unit award of the Company; and

(3) each outstanding vested and unvested Knight performance unit was assumed by the Company and automatically converted into a performance unit award of the Company.

Except for the conversion of stock options, restricted stock awards, restricted stock unit awards, and performance unit awards discussed herein, the material terms of the awards remained unchanged. Certain of the Knight performance unit awards vested upon the consummation of the 2017 Merger, as described below.

Compensatory Stock Plans

Before the 2017 Merger, Knight and Swift granted stock-based awards under their respective stock-based compensation plans, discussed below.

2014 Stock Plan — Currently, the 2014 Stock Plan, as amended and restated, is the combined company's only compensatory stock-based incentive plan. The previous 2014 stock plan replaced Swift's 2007 Omnibus Incentive Plan when it was adopted by Swift's board of directors in March 2014 and then approved by the Swift stockholders in May 2014. The previous 2014 stock plan was amended and restated to rename the plan and for other administrative changes relating to the 2017 Merger. The terms of the 2014 Stock Plan, as amended and restated, remain substantially the same as the previous 2014 stock plan. The 2014 Stock Plan, as amended and restated, permits the payment of cash incentive compensation and authorizes the granting of stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares and performance units, cash-based awards, and stock-based awards to the Company's employees and non-employee directors. As of December 31, 2017, the aggregate number of shares remaining available under the 2014 Stock Plan was approximately 2.9 million.

Legacy Plans — In connection with the 2017 Merger, the registered securities under the Knight Amended and Restated 2003 Stock Option Plan, the Knight 2012 Equity Compensation Plan, the Knight Amended and Restated 2015 Omnibus Incentive Plan, and the Swift 2007 Omnibus Incentive Plan (collectively, the "Legacy Plans") were deregistered. As such, no future awards may be granted under these Legacy Plans. Outstanding awards granted under the Legacy Plans were assumed by the combined company and continue to be governed by such Legacy Plans until such awards have been exercised, forfeited, canceled, or have otherwise expired or terminated.

See Note 2 regarding the Company's accounting policy for stock-based compensation.

Stock-based Compensation Expense

Stock-based compensation expense, net of forfeitures, which is included in "Salaries, wages, and benefits" in the consolidated income statements is comprised of the following:

	2017	2016	2015
	(In thousands)		
Stock options	$ 1,788	$ 1,734	$ 1,061
Restricted stock units and restricted stock awards	4,004	1,506	4,038
Performance units	450	801	1,913
Stock-based compensation expense – equity awards	$ 6,242	$ 4,041	$ 7,012
Stock-based compensation expense – liability awards (1)	148	—	—
Total stock-based compensation expense, net of forfeitures	6,390	4,041	7,012
Income tax benefit	$ 2,415	$ 1,515	$ 2,630

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(1) Includes awards granted to executive management in November 2017 that ultimately settle in cash upon fulfilling a requisite service period (for restricted stock units) and fulfilling a requisite service period and achieving performance targets (for performance units).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Unrecognized Stock-based Compensation Expense

The following table presents the total unrecognized stock-based compensation expense and the expected weighted average period over which these expenses will be recognized:

	December 31, 2017	
	Expense	Weighted Average Period
	(In thousands)	(In years)
Equity awards – Stock options	$ 3,878	1.8
Equity awards – Restricted stock units and restricted stock awards	19,156	2.3
Equity awards – Performance units	1,303	3.1
Liability awards – Restricted stock units and performance units	3,169	2.7
Total unrecognized stock-based compensation expense	$ 27,506	2.3

Stock Award Grants

	2017	2016	2015
Stock options	497,421	569,480	590,141
Restricted stock units and restricted stock awards	266,958	17,000	13,950
Performance units	44,244	177,741	165,720
Equity awards granted	808,623	764,221	769,811
Liability awards granted (1)	77,620	—	—
Total stock awards granted	886,243	764,221	769,811

(1) Includes 46,572 performance units and 31,048 restricted stock units.

Stock Options

Stock options are the contingent right of award holders to purchase shares of the Company's Class A common stock at a stated price for a limited time. The exercise price of options granted equals the fair value of the Company's Class A common stock determined by the closing price of the Company's Class A common stock quoted on the NYSE on the grant date. Most stock options granted by the Company cannot be exercised until at least one year after the grant date and have a five to ten-year contractual term. Stock options are forfeited upon termination of employment for reasons other than death, disability, or retirement.

A summary of 2017 stock option activity follows:

Stock options outstanding:	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (1)
			(In years)	(In thousands)
Stock options outstanding at December 31, 2016	1,737,400	$ 23.19	2.9	$ 17,200
Granted	497,421	33.35		
Assumed Swift stock options from 2017 Merger	528,466	21.93		
Exercised	(589,020)	21.44		
Expired	(24,552)	24.44		
Forfeited	(190,424)	27.96		
Stock options outstanding at December 31, 2017	1,959,291	$ 25.48	3.2	$ 35,779
Aggregate number of stock options expected to vest at a future date as of December 31, 2017	969,965	29.00	3.5	$ 14,283
Exercisable at December 31, 2017	918,594	$ 21.29	2.8	$ 20,428

(1) The aggregate intrinsic value was computed using the closing share price on December 29, 2017 of $43.72 and on December 30, 2016 of $32.83, as applicable.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

The fair value of each stock option grant is estimated on the grant date using the Black-Scholes option-valuation model. The following table presents the weighted average assumptions used in the fair value computation:

Stock option fair value assumptions:	2017	2016	2015
Dividend yield (1)	0.72%	0.99%	0.8%
Risk-free rate of return (2)	1.49%	0.90%	0.98%
Expected volatility (3)	27.95%	27.91%	25.88%
Expected term (in years) (4)	3.2	2.7	2.7
Weighted average fair value of stock options granted	$6.78	$4.28	$5.00

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(1) The dividend yield assumption is based on Knight's historical experience and anticipated future dividend payouts.

(2) The risk-free interest rate assumption is based on the United States Treasury securities at a constant maturity with a maturity period that most closely resembles the expected term of the stock option award.

(3) Expected volatility of the Company's Class A common stock is determined based on Knight's historical data.

(4) The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding and was determined based on an analysis of historical exercise behavior.

The following table summarizes stock option exercise information for the years presented:

Stock option exercises	2017	2016	2015
	(In thousands, except share data)		
Number of stock options exercised	589,020	708,244	594,673
Intrinsic value of stock options exercised	$ 8,792	$ 7,100	$ 8,300
Cash received upon exercise of stock options	$ 13,159	$ 13,188	$ 9,930
Income tax benefit	$ 1,833	$ 1,847	$ 3,175

The following table is a rollforward of the Company's unvested stock options:

Unvested stock options:	Shares	Weighted Average Fair Value
Unvested stock options at December 31, 2016	1,131,773	$ 4.39
Granted	497,421	6.78
Vested	(398,073)	4.18
Forfeited	(190,424)	5.10
Unvested stock options at December 31, 2017	1,040,697	$ 5.49

The total fair value of the shares vested during the years ended December 31, 2017, 2016, and 2015 was $1.7 million, $1.4 million, and $0.8 million, respectively.

Restricted Stock Units

A restricted stock unit represents a right to receive a common share of stock when the unit vests. Restricted stock unit recipients do not have voting rights with respect to the shares underlying unvested awards. Employees forfeit their units if their employment terminates before the vesting date.

The following table is a rollforward of unvested restricted stock units, including restricted stock units classified as equity and those classified as liabilities:

Unvested restricted stock units:	Number of Awards	Weighted Average Fair Value (1)
Unvested restricted stock units at December 31, 2016	686,786	$ 16.46
Granted	298,006	36.44
Assumed Swift restricted stock units from 2017 Merger	168,488	40.85
Vested	(126,871)	16.77
Forfeited	(46,692)	23.59
Unvested restricted stock units at December 31, 2017	979,717	$ 26.59

(1) The fair value of each restricted stock unit is based on the closing market price on the grant date, except for the Swift restricted stock unit awards assumed, which were re-measured at the Merger Date.

Performance Units

The Company issues performance units to selected key employees, that may be earned based on achieving performance targets approved by the compensation committee annually. The initial award is subject to an adjustment determined by the Company's performance achieved over a three-year performance period when compared to the objective performance standards adopted by the compensation committee. Furthermore, the performance units have additional service requirements subsequent to the achievement of the performance targets. Performance units do not earn dividend equivalents.

Performance units granted prior to the 2017 Merger were accelerated on September 8, 2017, the 2017 Merger date, pursuant to the terms of the award agreements. On the 2017 Merger date, awards granted in 2014, 2015, and 2016 were accelerated, but only the performance measurement period for the 2014 award was complete allowing for the final award to be expensed and paid out. The performance period for the 2015 and 2016 awards ended December 31, 2017. The performance criteria were not met based on the performance period results ended December 31, 2017, therefore, no expense was recorded, and no payout was made related to the 2015 or 2016 awards.

Beginning in 2013, Swift granted performance units to certain members of executive management. These awards provided each grantee a number of shares of Swift's Class A common stock at the end of a three-year period, based on certain performance criteria established by Swift's compensation committee.

The following table is a rollforward of unvested performance units, including performance units classified as equity and those classified as liabilities:

Unvested performance units:	Shares	Weighted Average Fair Value
Unvested performance units at December 31, 2016	508,478	$ 25.60
Granted (1)	90,816	$ 40.81
Assumed Swift performance units from 2017 Merger	56,817	$ 40.85
Shares earned above target	21,117	$ 23.85
Vested	(519,483)	$ 25.53
Forfeited	(10,112)	$ 25.40
Unvested performance units at December 31, 2017	147,633	$ 35.34

(1) The performance measurement period for performance units granted in 2017 is January 1, 2018 to December 31, 2020 (three full calendar years). These awards will vest one month following the expiration of the performance measurement period.

The following table presents the weighted average assumptions used in the fair value computation for performance units, including performance units classified as equity and those classified as liabilities:

Performance unit fair value assumptions:	2017	2016	2015
Dividend yield (1)	0.59%	0.99%	0.80%
Expected volatility (2)	31.28%	27.95%	23.18%
Average peer volatility (2)	28.45%	34.37%	30.70%
Average peer correlation coefficient (3)	0.60	0.60	0.49
Risk-free interest rate (4)	1.88%	0.89%	0.78%
Expected term (in years) (5)	3.1	2.8	2.6
Weighted-average fair value of performance units granted	$ 40.81	$ 23.89	$ 29.30

(1) The dividend yield, used to project stock price to the end of the performance period, is based on the Knight's historical experience and future expectation of dividend payouts. Total stockholder return is determined assuming that dividends are reinvested in the issuing entity over the performance period, which is mathematically equivalent to utilizing a 0% dividend yield.

(2) Management (or peer company) estimated volatility using Knight's (or peer company's) historical share price performance over the remaining performance period as of the grant date.

(3) The correlation coefficients are used to model the way in which each entity tends to move in relation to each other; the correlation assumptions were developed using the same stock price data as the volatility assumptions.

(4) The risk-free interest rate assumption is based on United States Treasury securities at a constant maturity with a maturity period that most closely resembles the expected term of the performance award.

(5) Since the Monte Carlo Simulation valuation is an open form model that uses an expected life commensurate with the performance period, the expected life of the performance units was assumed to be the period from the grant date to the end of the performance period.

Non-compensatory Stock Plan: ESPP

In 2012, Swift's board of directors adopted, and its stockholders approved, the Swift Transportation Company 2012 ESPP (the "2012 ESPP"). The 2012 ESPP continues to be administered by the Company following the 2017 Merger, is intended to qualify under Section 423 of the Internal Revenue Code, and is considered noncompensatory. Pursuant to the 2012 ESPP, the Company is authorized to issue up to 1.4 million shares of its Class A common stock to eligible employees who participate in the plan. Employees are eligible to participate in the 2012 ESPP following at least 90 days of employment with the Company or any of its participating subsidiaries. Under the terms of the 2012 ESPP, eligible employees may elect to purchase Class A common stock through payroll deductions, not to exceed 15% of their gross cash compensation. The purchase price of the Class A common stock is 95% of the Class A common stock's fair market value quoted on the NYSE on the last trading day of each offering period. There are four three-month offering periods corresponding to the calendar quarters. Each eligible employee is restricted to purchasing a maximum of $6,250 of Class A common stock during an offering period, determined by the fair market value of the Class A common stock as of the first day of the offering period, and $25,000 of Class A common stock during a calendar year. Employees who own 5% or more of the total voting power or value of Class A common stock are restricted from participating in the 2012 ESPP.

The 2012 ESPP was amended and restated in January 2018 to be a Knight-Swift plan, thus permitting Knight employees to participate in the plan in addition to Swift employees. The terms and definitions of the amended and restated 2012 ESPP remain substantially the same as the original 2012 ESPP.

In 2017, the Company issued eight thousand shares under the 2012 ESPP at an average discounted price per share of $39.47. As of December 31, 2017, the Company is authorized to issue an additional 1.2 million shares under the 2012 ESPP.

Note 22 — Weighted Average Shares Outstanding

Basic and diluted earnings per share, as presented in the 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:

	December 31,		
	2017	2016	2015
	(In thousands)		
Basic weighted average common shares outstanding	110,657	80,362	81,491
Dilutive effect of equity awards	1,040	866	976
Diluted weighted average common shares outstanding	111,697	81,228	82,467
Anti-dilutive shares excluded from diluted earnings per share (1)	98	886	388

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(1) Shares were excluded from the dilutive-effect calculation because the outstanding options' exercise prices were greater than the average market price of Knight's common stock (for 2015 and 2016) and the Company's Class A common stock (for 2017).

Note 23 — Fair Value Measurement

ASC 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 December 31, 2017 and 2016, 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, net accounts receivable, income tax refund receivable, and accounts payable. The estimated fair value of these financial instruments approximate carrying value 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. The table below also excludes financial instruments reported at estimated fair value on a recurring basis. See "Recurring Fair Value Measurements." All remaining balance sheet amounts excluded from the table below are not considered financial instruments subject to this disclosure.

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments:

	December 31,			
	2017		2016	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In thousands)			
Financial Assets:				
Restricted investments (1)	$ 22,232	$ 22,208	$ —	$ —
Money market funds (2)	1,427	1,427	1,385	1,385
Debt securities – municipal securities (2)	1,887	1,887	1,903	1,903
Financial Liabilities:				
Term Loan, due October 2020 (3)	364,355	365,000	—	—
2015 RSA, due January 2019	305,000	305,000	—	—
Knight Revolver, due August 2019	—	—	18,000	18,000
Revolver, due October 2022	125,000	125,000	—	—

The carrying amounts of the final instruments shown in the table are included in the consolidated balance sheets, as follows:

(1) Restricted investments are included in "Restricted investments, held to maturity, amortized cost."

(2) These instruments are trading securities and are included within "Other long-term assets, restricted cash and investments."

(3) The Term Loan is included in "Current portion of long-term debt" and "Long-term debt, less current portion." The carrying value is net of $0.6 million deferred loan costs as of December 31, 2017.

The estimated fair values of the financial instruments shown in the above table as of December 31, 2017 and 2016, 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 the Company'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, Money Market Funds, and Debt Securities — The estimated fair value of the Company's restricted investments is based on quoted prices in active markets that are readily and regularly obtainable. See Note 6 for additional investments disclosures.

Term Loans — The estimated fair value of the Term Loan approximates the face value. See Note 16 for additional debt disclosures.

Securitization of Accounts Receivable — The Company's securitization of accounts receivable consists of borrowings outstanding pursuant to the 2015 RSA as of December 31, 2017 and 2016, as discussed in Note 15. The estimated fair value of the 2015 RSA approximates the face value.

Fair Value Hierarchy — ASC 820 establishes a framework for measuring fair value in accordance with GAAP and expands financial statement disclosure requirements for fair value measurements. ASC 820 further specifies a hierarchy of valuation techniques, which is based on whether the inputs into the valuation technique are observable or unobservable. The hierarchy follows:

- *Level 1* — Valuation techniques in which all significant inputs are quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.
- *Level 2* — Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices from markets that are not active for assets or liabilities that are identical or similar to the assets or liabilities being measured. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.
- *Level 3* — Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

When available, the Company uses quoted market prices to determine the estimated fair value of an asset or liability. If quoted market prices are not available, the Company measures fair value using valuation techniques that use, when possible, current market-based or independently-sourced market parameters, such as interest rates and currency rates. The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the estimated fair value measurement in its entirety.

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 December 31, 2017 and 2016:

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	(In thousands)			
As of December 31, 2017				
Money market funds	$ 1,427	$ 1,427	$ —	$ —
Debt securities – municipal securities	1,887	—	1,887	—
As of December 31, 2016				
Money market funds	1,385	1,385	—	—
Debt securities – municipal securities	1,903	—	1,903	—

As of December 31, 2017 and 2016, there were no major categories of liabilities included in the Company's consolidated balance sheets at estimated fair value that were measured on a recurring basis.

Nonrecurring Fair Value Measurements — The following table presents assets measured at estimated fair value on a nonrecurring basis as of December 31, 2017:

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

(1) The Company terminated the implementation of the Swift ERP system in 2017. This resulted in a pre-tax impairment loss of $16.7 million, which was recorded 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 a pre-tax impairment loss of $0.1 million in 2017. The impairment loss was recorded in "Impairments" within operating income in the consolidated income statement (within Swift's non-reportable segments).

As of December 31, 2016 there were no assets included in the Company's consolidated balance sheets at estimated fair value that were measured on a nonrecurring basis. As of December 31, 2017 and 2016 there were no liabilities included in the Company's consolidated balance sheets at estimated fair value that were measured on a nonrecurring basis.

Note 24 — Related Party Transactions

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

	2017		2016	
	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight	Received by Knight
	(In thousands)			
Freight Services:				
Central Freight Lines (1)	$ 161	$ —	$ —	$ —
SME Industries (1)	275	—	—	—
Total	$ 436	$ —	$ —	$ —
Facility and Equipment Leases:				
Central Freight Lines (1)	$ 245	$ 92	$ —	$ —
Other Services:				
Updike Distribution and Logistics (2)	$ 2,771	$ —	$ 1,433	$ —
Other Affiliates (1)	48	604	—	—
Total	$ 2,819	$ 604	$ 1,433	$ —

(1) Entities affiliated with, Board member, Jerry Moyes include Central Freight Lines, SME Industries, 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 for freight services to each of these companies for transportation services.
- Freight Services Received by Knight-Swift — Transportation services received from Central Freight represent less-than-truckload freight services rendered to haul parts and equipment to Company shop locations.
- 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 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 will pay Mr. Moyes a monthly consulting fee of $0.2 million in cash.

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

	(In thousands)
Accrued consulting fees – Jerry Moyes, balance at September 9, 2017 (1a)	$ 5,050
Additions to accrual	—
Less: payments	(600)
Accrued consulting fees – Jerry Moyes, balance at December 31, 2017 (1a)	$ 4,450

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

(2) Knight has 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 allows Updike Distribution and Logistics to purchase fuel from Knight's vendors at cost, plus an administrative fee.

Knight had no related party transactions during 2015.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

Receivables and payables pertaining to related party transactions were:

	December 31, 2017	
	Receivable	Payable
	(In thousands)	
Central Freight Lines	$ 213	$ —
SME Industries	79	—
Total	$ 292	$ —

As of December 31, 2016, Knight had no receivable or payable pertaining to related party transactions.

Note 25 — Information by Segment, Geography, and Customer Concentration

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.

Knight Segments

- *Knight Trucking* — The Knight Trucking segment is comprised of three operating segments (Dry Van, Refrigerated, and Drayage).
- *Knight Logistics* — The Knight Logistics segment is comprised of two operating segments (Brokerage and Intermodal). The Company also provides logistics freight management and other non-trucking services through its Knight Logistics business.

Swift Segments

- *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.
- *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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — CONTINUED

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

Operating revenue:	2017		2016		2015	
	(Dollars in thousands)					
Knight – Trucking	$ 906,484	37.4 %	$ 900,368	80.5 %	$ 952,098	80.5 %
Knight – Logistics	$ 234,155	9.7 %	$ 226,912	20.3 %	$ 249,365	21.1 %
Swift – Truckload	$ 609,112	25.1 %	$ —	— %	$ —	— %
Swift – Dedicated	$ 200,628	8.3 %	$ —	— %	$ —	— %
Swift – Refrigerated	$ 254,102	10.5 %	$ —	— %	$ —	— %
Swift – Intermodal	$ 130,441	5.4 %	$ —	— %	$ —	— %
Subtotal	$ 2,334,922	96.4 %	$ 1,127,280	100.8 %	$ 1,201,463	101.6 %
Non-reportable segments	$ 115,530	4.8 %	$ —	— %	$ —	— %
Intersegment eliminations	$ (24,999)	(1.2)%	$ (9,246)	(0.8)%	$ (18,499)	(1.6)%
Total revenue	$ 2,425,453	100.0 %	$ 1,118,034	100.0 %	$ 1,182,964	100.0 %

Operating income (loss):	2017		2016		2015	
	(Dollars in thousands)					
Knight – Trucking	$ 92,298	46.0 %	$ 136,229	91.7%	$ 162,143	91.1%
Knight – Logistics	$ 12,600	6.3 %	$ 12,250	8.3%	$ 15,857	8.9%
Swift – Truckload	$ 74,924	37.3 %	$ —	—%	$ —	—%
Swift – Dedicated	$ 22,410	11.2 %	$ —	—%	$ —	—%
Swift – Refrigerated	$ 13,626	6.8 %	$ —	—%	$ —	—%
Swift – Intermodal	$ 5,977	3.0 %	$ —	—%	$ —	—%
Subtotal	$ 221,835	110.6 %	$ 148,479	100.0%	$ 178,000	100.0%
Non-reportable segments	$ (21,205)	(10.6)%	$ —	—%	$ —	—%
Operating income	$ 200,630	100.0 %	$ 148,479	100.0%	$ 178,000	100.0%

Depreciation and amortization of property and equipment:	2017		2016		2015	
	(Dollars in thousands)					
Knight – Trucking	$ 111,536	57.6%	$ 111,242	96.2%	$ 106,491	96.4%
Knight – Logistics	$ 5,089	2.6%	$ 4,418	3.8%	$ 4,032	3.6%
Swift – Truckload	$ 32,258	16.7%	$ —	—%	$ —	—%
Swift – Dedicated	$ 14,381	7.4%	$ —	—%	$ —	—%
Swift – Refrigerated	$ 11,163	5.8%	$ —	—%	$ —	—%
Swift – Intermodal	$ 3,231	1.7%	$ —	—%	$ —	—%
Subtotal	$ 177,658	91.7%	$ 115,660	100.0%	$ 110,523	100.0%
Non-reportable segments	$ 16,075	8.3%	$ —	—%	$ —	—%
Consolidated depreciation and amortization of property and equipment	$ 193,733	100.0%	$ 115,660	100.0%	$ 110,523	100.0%

See Note 2 for discussion of the Company's accounting policy related to segments.

Geographical Information

In aggregate, operating revenue from the Company's foreign operations was less than 5.0% of consolidated total revenue for each of 2017, 2016, and 2015. Additionally, long-lived assets on the balance sheets of the Company's foreign subsidiaries were less than 5.0% of consolidated "Total assets" as of December 31, 2017 and 2016.

Customer Concentration

Services provided to the Company's largest customer, Wal-Mart, generated 12.5% of total revenue in 2017. Revenue generated by Wal-Mart is reported in the Knight Trucking, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Intermodal operating segments. No other customer accounted for 10.0% or more of total revenue in 2017. No customer accounted for 10.0% or more of total revenue in 2016 or 2015.

Note 26 — Quarterly Results of Operations (Unaudited)

In management's opinion, the following summarized financial information fairly presents the Company's results of operations for the quarters noted. These results are not necessarily indicative of future quarterly results.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
2017				
Total revenue	$ 271,182	$ 273,243	$ 521,608	$ 1,359,420
Net income	15,106	18,259	4,199	447,861
Net income attributable to Knight-Swift	14,876	17,970	3,881	447,564
Basic earnings per share	0.19	0.22	0.04	2.52
Diluted earnings per share	0.18	0.22	0.04	2.50
2016				
Total revenue	$ 272,088	$ 276,318	$ 280,530	$ 289,098
Net income	23,470	25,214	24,083	22,472
Net income attributable to Knight-Swift	23,017	24,918	23,767	22,161
Basic earnings per share	0.29	0.31	0.30	0.28
Diluted earnings per share	0.28	0.31	0.29	0.27

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 Annual Report on Form 10-K, 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.

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Changes in Internal Control over Financial Reporting

Except as set forth below, 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 December 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

On September 8, 2017, we became Knight-Swift Transportation Holdings Inc. upon the effectiveness of the 2017 Merger of Knight and Swift. In the 2017 Merger, Knight was treated as the acquiring entity for accounting purposes and Swift was treated as the legal acquirer. We are currently integrating policies, processes, personnel, technology, and operations of Knight and Swift. Management will continue to evaluate our internal control over financial reporting as we execute 2017 Merger integration activities.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our CEO and CFO, management conducted an evaluation of the Knight's internal control over financial reporting as of December 31, 2017. In making this evaluation, management used the criteria in *Internal Control – Integrated Framework,* issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2017.

The effectiveness of internal control over financial reporting as of December 31, 2017 was audited by Grant Thornton LLP, the independent registered public accounting firm that also audited the Company's consolidated financial statements included in this Annual Report on Form 10-K. Grant Thornton LLP's report on the Company's internal control over financial reporting is included herein.

In light of the "reverse acquisition" nature and timing of the 2017 Merger, among other factors, we determined that it was impracticable to provide a report on our internal control over financial reporting of all of our consolidated entities as December 31, 2017. Therefore, we have limited the scope of management's assessment of the effectiveness of the Company's internal control over financial reporting in this report to Knight and have excluded Swift Transportation Co., LLC and Interstate Equipment Leasing LLC. We believe this limitation of scope of management's assessment of the effectiveness of the Company's internal control over financial reporting in this report is appropriate for several reasons, including the following:

- the "reverse acquisition" nature of the 2017 Merger, which resulted in Knight, as the legal acquiree, being considered the accounting acquirer, and Swift as the legal acquirer, being considered the accounting acquiree for accounting purposes under GAAP;
- the fact that Knight's historical results of operations replaced Swift's historical results of operations for all periods prior to the 2017 Merger and Swift's historical financial information is only included after the 2017 Merger;
- the timing of the 2017 Merger, which occurred on September 8, 2017, and therefore, did not give us sufficient time to fully incorporate the internal control over financial reporting of Swift into our internal control over financial reporting;
- the fact that our principal executive officer and principal financial officer were the principal executive officer and principal financial officer of Knight and not Swift; and
- the internal control over financial reporting environment that existed after the 2017 Merger largely represents the internal control over financial reporting environment of Knight.

Accordingly, we believe that management's assessment of the effectiveness of internal control over financial reporting of Knight, the legal acquiree, but accounting acquirer, is more relevant and meaningful than an assessment of the effectiveness of the internal control over financial reporting of Swift, the legal acquirer, but accounting acquiree.

Swift's total assets, excluding goodwill and intangibles, which were subject to Swift's consolidation and business combination controls and thus would be included in management's report on internal control over financial reporting, totaled 29.5% of total consolidated assets as of December 31, 2017. Swift's total revenue represented approximately 53.2% of our consolidated total revenue reflected in our consolidated financial statements for the year ended December 31, 2017.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Knight-Swift Transportation Holdings Inc.

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of Knight-Swift Transportation Holdings Inc. (an Arizona corporation) and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2017, and our report dated March 1, 2018 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting* ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Our audit of, and opinion on, the Company's internal control over financial reporting does not include the internal control over financial reporting of Swift Transportation Co., LLC and subsidiaries and Interstate Equipment Leasing LLC (collectively, "Swift"), wholly-owned subsidiaries, whose financial statements reflect total assets, excluding goodwill and intangibles, and revenues constituting 29.5 and 53.2 percent, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2017. As indicated in Management's Report, Swift was acquired during 2017. Management's assertion on the effectiveness of the Company's internal control over financial reporting excluded internal control over financial reporting of Swift.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Phoenix, Arizona
March 1, 2018

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required under this Item 10 is hereby incorporated by reference to the information set forth under the captions "Proposal No. 1: Election of Directors," "Management," "Section 16(a) Beneficial Ownership Reporting Compliance," "The Board of Directors and Corporate Governance — Code of Business Conduct and Ethics," "The Board of Directors and Corporate Governance — Nomination of Director Candidates," and "The Board of Directors and Corporate Governance — Board Committees" in the Company's definitive proxy statement for its 2018 Annual Meeting of Stockholders to be filed with the SEC.

ITEM 11. EXECUTIVE COMPENSATION

The information required under this Item 11 is hereby incorporated by reference to the information set forth under the captions "Executive Compensation," "Compensation Committee Interlocks and Insider Participation," and "Compensation Committee Report in the Company's definitive proxy statement for its 2018 Annual Meeting of Stockholders to be filed with the SEC.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

Before the 2017 Merger, Knight and Swift granted stock-based awards under their respective stock-based compensation plans, discussed below.

2014 Stock Plan — Currently, the 2014 Stock Plan, as amended and restated, is the combined company's only compensatory stock-based incentive plan. The previous 2014 stock plan replaced Swift's 2007 Omnibus Incentive Plan when it was adopted by Swift's board of directors in March 2014 and then approved by the Swift stockholders in May 2014. The previous 2014 stock plan was amended and restated to rename the plan and for other administrative changes relating to the 2017 Merger. The terms of the 2014 Stock Plan, as amended and restated, remain substantially the same as the previous 2014 stock plan. The 2014 Stock Plan, as amended and restated, permits the payment of cash incentive compensation and authorizes the granting of stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares and performance units, cash-based awards, and stock-based awards to the Company's employees and non-employee directors.

Legacy Plans — In connection with the 2017 Merger, the registered securities under the Knight Amended and Restated 2003 Stock Option Plan, the Knight 2012 Equity Compensation Plan, the Knight Amended and Restated 2015 Omnibus Incentive Plan, and the Swift 2007 Omnibus Incentive Plan (collectively, the "Legacy Plans") were deregistered. As such, no future awards may be granted under these Legacy Plans. Outstanding awards granted under the Legacy Plans were assumed by the combined company and continue to be governed by such Legacy Plans until such awards have been exercised, forfeited, canceled, or have otherwise expired or terminated.

The following table represents securities authorized for issuance under the Company's stock plans at December 31, 2017:

Plan Category:	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	3,086,641	$ 25.48	4,036,647
Equity compensation plans not approved by security holders	—	—	—
Total	3,086,641	$ 25.48	4,036,647

Column (a) includes 1,127,350 shares of Knight-Swift Class A common stock underlying outstanding restricted stock units and performance units. Because there is no exercise price associated with such awards, such equity awards are not included in the weighted-average exercise price calculation in column (b).

Columns (a) and (b) pertain to the 2014 Stock Plan. No amounts related to the 2012 ESPP are included in columns (a) or (b). Column (c) includes 2,833,981 shares available for issuance under the 2014 Stock Plan and 1,202,666 shares available for issuance under the 2012 ESPP.

Other information required under this Item 12 is hereby incorporated by reference to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management in the Company's definitive proxy statement for its 2018 Annual Meeting of Stockholders to be filed with the SEC.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required under this Item 13 is hereby incorporated by reference to the information set forth under the captions "Relationships and Related Party Transactions," "The Board of Directors and Corporate Governance — Composition of Board and Board Leadership Structure," and "Board Committees" in the Company's definitive proxy statement for its 2018 Annual Meeting of Stockholders to be filed with the SEC.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under this Item 14 is hereby incorporated by reference to the information responsive to this Item contained in the Company's definitive proxy statement for its 2018 Annual Meeting of Stockholders to be filed with the SEC.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as a part of this Form 10-K:

(1) See the Consolidated Financial Statements included in Item 8 hereof.

(2) Financial Statement Schedules are omitted since the required information is not present or is not present in the amounts sufficient to require submission of a schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

(b) 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	Second Amended and Restated Certificate of Incorporation of Swift Transportation Company (renamed Knight-Swift Transportation Holdings Inc.)	Incorporated by reference to Exhibit 3.1 of Form 8-K filed on September 11, 2017
3.2	By-laws of Knight-Swift Transportation Holdings Inc.	Incorporated by reference to Exhibit 3.2 of Form 8-K filed on September 11, 2017
10.1	Credit Facility by and among, Knight-Swift Transportation Holdings Inc., the lenders thereto, Wells Fargo Bank, National Association as Administrative Agent, Swingline Lender and Issuing Lender, and Bank of America, N.A. and PNC Bank National Association as Co-Syndication Agents, dated September 29, 2017	Incorporated by reference to Exhibit 10.1 of Form 10-Q for the period ended September 30, 2017
10.2**	Knight Transportation, Inc. 2012 Equity Compensation Plan	Incorporated by reference to Appendix A to Knight's Definitive Proxy Statement on Schedule 14A filed April 6, 2012.
10.3**	Knight Transportation, Inc. Form of Restricted Stock Grant Agreement - Amended and Restated 2003 Stock Option and Equity Compensation Plan or 2012 Equity Compensation Plan	Incorporated by reference to Exhibit 10.4 to Knight's Report on Form 10-K for the period ended December 31, 2012
10.4**	Knight Transportation, Inc. Form of Restricted Stock Unit Grant Agreement - Amended and Restated 2003 Stock Option and Equity Compensation Plan or 2012 Equity Compensation Plan	Incorporated by reference to Exhibit 10.6 to Knight's Report on Form 10-K for the period ended December 31, 2012
10.5**	Knight Transportation, Inc. Form of Stock Option Grant Agreement - Amended and Restated 2003 Stock Option and Equity Compensation Plan or 2012 Equity Compensation Plan	Incorporated by reference to Exhibit 10.5 to Knight's Report on Form 10-K for the period ended December 31, 2012
10.6**	Knight Transportation, Inc. Form of Director's Compensatory Restricted Stock Grant Agreement - Amended and Restated 2015 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.1 to Knight's Report on Form 10-Q for the period ended June 30, 2015
10.7**	Knight Transportation, Inc. Form of Performance Unit Officer Grant Agreement - Amended and Restated 2015 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.2 to Knight's Report on Form 10-Q for the period ended June 30, 2015
10.8**	Knight Transportation, Inc. Amended and Restated 2015 Omnibus Incentive Plan	Incorporated by reference to Exhibit 99.1 to Knight's Report on Form 8-K filed on April 29, 2015
10.9**	Knight Transportation, Inc. Amended and Restated 2003 Stock Option Plan	Incorporated by reference to Appendix B of Knight’s Definitive Proxy Statement on Schedule 14A, filed on December 1, 2005

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Exhibit Number	Description	Page or Method of Filing
10.10**	Second Amendment to Knight Transportation, Inc. Amended and Restated 2003 Stock Option Plan	Incorporated by reference to Knight's Definitive Proxy Statement on Schedule 14A filed April 11, 2008
10.11**	Knight Transportation, Inc. Amended and Restated 2003 Stock Option and Equity Compensation Plan	Incorporated by reference to Appendix B of Knight's Definitive Proxy Statement on Schedule 14A filed April 10, 2009
10.12**	Swift Transportation Company 2007 Omnibus Incentive Plan, effective October 10, 2007, as amended and restated on December 15, 2010	Incorporated by reference to Exhibit 10.5 of Form 10-K for the year ended December 31, 2010
10.13**	Swift Corporation Form of Option Award Notice – 2007 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.6 to Form S-1 Registration Statement No. 333-168257 filed on July 22, 2010
10.14**	Swift Transportation Co., Inc. Retirement Plan, effective January 1, 1992, amended and restated on January 1, 2007	Incorporated by reference to Exhibit 10.7 to Form S-1 Registration Statement No. 333-168257 filed on July 22, 2010
10.15**	Swift Transportation Company 2012 Employee Stock Purchase Plan	Incorporated by reference to Exhibit 99.1 to Form S-8 Registration Statement No. 333-181201 filed on May 7, 2012
10.16**	Swift Transportation Company Form of Restricted Stock Unit Award Agreement - 2007 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.1 of Form 8-K filed on February 28, 2013
10.17**	Swift Transportation Company Form of Option Award Notice - 2007 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.2 of Form 8-K filed on February 28, 2013
10.18**	Swift Transportation Company Form of Performance Unit Award Agreement - 2007 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.3 of Form 8-K filed on February 28, 2013
10.19**	Swift Transportation Company 2014 Omnibus Incentive Plan	Incorporated by reference to Appendix A of Definitive Proxy Statement on Schedule 14A, filed on April 4, 2014
10.20**	Swift Transportation Company Form of Restricted Stock Grant Award Notice - 2014 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.13 of Form 10-K for the year ended December 31, 2015
10.21**	Swift Transportation Company Form of Restricted Stock Unit Award Notice - 2014 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.14 of Form 10-K for the year ended December 31, 2015
10.22**	Swift Transportation Company Form of Non-Qualified Stock Option Award Notice - 2014 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.15 of Form 10-K for the year ended December 31, 2015
10.23**	Swift Transportation Company Form of Performance Unit Award Notice - 2014 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.16 of Form 10-K for the year ended December 31, 2015
10.24***	Amended and Restated Receivables Purchase Agreement by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers from time to time party thereto, the various Related Committed Purchasers from time to time party thereto, the various Purchase Agents from time to time party thereto, the various LC Participants from time to time party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated June 14, 2013	Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2013

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Exhibit Number	Description	Page or Method of Filing
10.25***	First 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 September 25, 2013	Incorporated by reference to Exhibit 10.19 of Form 10-K for the year ended December 31, 2015
10.26***	Second 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 March 31, 2015	Incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarter ended March 31, 2015
10.27***	Third 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 December 10, 2015	Incorporated by reference to Exhibit 10.18 of Form 10-K for the year ended December 31, 2015
10.28**	Swift Transportation Company Deferred Compensation Plan, as amended and restated	Incorporated by reference to Exhibit 10.3 of Form 10-Q for the quarter ended March 31, 2016
10.29**	First Amendment to Swift Transportation Company Deferred Compensation Plan, as amended and restated	Incorporated by reference to Exhibit 10.4 of Form 10-Q for the quarter ended March 31, 2016
10.30**	Form of Executive Severance Protection Agreement	Incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 28, 2016
10.31	Support Agreement, dated as of April 9, 2017, by and among Swift Transportation Company, Gary J. Knight and The Gary J. Knight Revocable Living Trust dated May 19, 1993, as amended.	Incorporated by reference to Exhibit 10.1 of Form 8-K filed on April 13, 2017
10.32	Support Agreement, dated as of April 9, 2017, by and among Swift Transportation Company, Kevin P. Knight and The Kevin and Sydney Knight Revocable Living Trust dated March 25, 1994, as amended	Incorporated by reference to Exhibit 10.2 of Form 8-K filed on April 13, 2017
10.33	Stockholders Agreement, dated as of April 9, 2017 among Swift Transportation Company, Jerry Moyes, Vickie Moyes, Jerry and Vickie Moyes Family Trust Dated 12/11/87, an Arizona grantor trust, LynDee Moyes Nester, Michael Moyes, and the Persons that may join from time to time	Incorporated by reference to Exhibit 10.3 of Form 8-K filed on April 13, 2017
10.34	Stockholders Agreement, dated as of April 9, 2017, among Swift Transportation Company, Gary J. Knight, The Gary J. Knight Revocable Living Trust dated May 19, 1993, as amended, and the Persons that may join from time to time	Incorporated by reference to Exhibit 10.4 of Form 8-K filed on April 13, 2017
10.35	Stockholders Agreement, dated as of April 9, 2017, among Swift Transportation Company, Kevin P. Knight, The Kevin and Sydney Knight Revocable Living Trust dated March 25, 1994, as amended, and the Persons that may join from time to time	Incorporated by reference to Exhibit 10.5 of Form 8-K filed on April 13, 2017
10.36**	Letter Agreement, dated as of April 9, 2017, by and between Swift Transportation Company and Jerry Moyes	Incorporated by reference to Exhibit 10.6 of Form 8-K filed on April 13, 2017
10.37**	Swift Transportation Company Form of Restricted Stock Unit Award Notice (Executive) - 2014 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.2 of Form 8-K filed on May 31, 2017

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Exhibit Number	Description	Page or Method of Filing
10.38**	Swift Transportation Company Form of Restricted Stock Unit Award Notice (Standard) - 2014 Omnibus Incentive Plan	Incorporated by reference to Exhibit 10.3 of Form 8-K filed on May 31, 2017
10.39**	Knight-Swift Transportation Holdings Inc. Amended and Restated 2012 Employee Stock Purchase Plan	Filed herewith
10.40**	Knight-Swift Transportation Holdings Inc. Amended and Restated 2014 Omnibus Incentive Plan	Filed herewith
10.41**	Knight-Swift Transportation Holdings Inc. Form of Restricted Stock Unit Award Notice - 2014 Omnibus Incentive Plan	Filed herewith
10.42**	Third Omnibus Amendment and Consent	Filed herewith
21.1	Subsidiaries of Knight-Swift Transportation Holdings Inc.	Filed herewith
23.1	Consent of Grant Thornton LLP	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 furnish to the SEC a supplemental copy of any omitted schedule upon request by the SEC.

** Management contract or compensatory plan, contract, or arrangement.

*** Certain confidential information contained in this Exhibit was omitted by means of redacting a portion of the text and replacing it with an asterisk. This Exhibit has been filed separately with the Secretary of the Securities and Exchange Commission without the redaction pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934.

ITEM 16. 10-K SUMMARY

Not applicable.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

SIGNATURES

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

By: */s/ David A. Jackson*

David A. Jackson

President and Chief Executive Officer

in his capacity as such and on behalf of the registrant

March 1, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature and Title	Date	Signature and Title	Date
/s/ David A. Jackson David A. Jackson President, Chief Executive Officer, and Director (Principal Executive Officer)	March 1, 2018	*/s/ Michael Garnreiter* Michael Garnreiter Director	March 1, 2018
/s/ Adam W. Miller Adam W. Miller Chief Financial Officer (Principal Financial Officer)	March 1, 2018	*/s/ Robert Synowicki, Jr.* Robert Synowicki, Jr. Director	March 1, 2018
/s/ Cary M. Flanagan *Cary M. Flanagan* Chief Accounting Officer (Principal Accounting Officer)	March 1, 2018	*/s/ David Vanderploeg* David Vanderploeg Director	March 1, 2018
/s/ Kevin P. Knight Kevin P. Knight Executive Chairman	March 1, 2018	*/s/ Glenn F. Brown* Glenn F. Brown Director	March 1, 2018
/s/ Gary J. Knight Gary J. Knight Executive Vice Chairman	March 1, 2018	*/s/ Kathryn Munro* Kathryn Munro Director	March 1, 2018
/s/ Jerry C. Moyes Jerry C. Moyes Director	March 1, 2018	*/s/ Richard Lehmann* Richard Lehmann Director	March 1, 2018
/s/ Richard H. Dozer Richard H. Dozer Director	March 1, 2018	*/s/ Roberta Roberts Shank* Roberta Roberts Shank Director	March 1, 2018
		/s/ Richard Kraemer Richard Kraemer Director	March 1, 2018

Exhibit 10.39

**KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.
AMENDED AND RESTATED
2012 EMPLOYEE STOCK PURCHASE PLAN**

1. **Purpose**. The purpose of the Plan is to provide Employees of Knight-Swift and certain Participating Subsidiaries with an opportunity to purchase Common Stock of Knight-Swift through accumulated payroll deductions in order to increase their identification with Knight-Swift's goals and secure a proprietary interest in Knight-Swift's success. Knight-Swift intends to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Code. Accordingly, the provisions of the Plan shall be construed in a manner consistent with the requirements of Section 423 of the Code and the regulations issued thereunder. The Board amended and restated the original Plan effective as of the Amendment Date. Capitalized terms used in the Plan shall have the meanings set forth in Section 2.

2. **Definitions**.

(a) "**Amendment** Date" means January 1, 2018.

(b) "**Board**" shall mean the Board of Directors of Knight-Swift or a committee of the Board as appointed by the Board from time to time.

(c) "**Code**" shall mean the Internal Revenue Code of 1986, as such is amended from time to time, and any reference to a section of the Code shall include any successor provision of the Code.

(d) "**Common Stock**" shall mean Knight-Swift's Class A common stock, par value $0.01 per share, or any securities into which such Common Stock may be converted in the future.

(e) "**Company**" shall mean Knight-Swift and its Participating Subsidiaries, collectively.

(f) "**Compensation**" shall mean the gross cash compensation (including straight time wages, salary, commission, bonuses, and overtime earnings) paid by Knight-Swift or a Participating Subsidiary to a Participant in accordance with the terms of his or her employment, but excluding all expense allowances, Knight-Swift or Participating Subsidiary contributions to profit sharing plans, extraordinary compensation, and any compensation paid in a form other than cash.

(g) "**Designation of Beneficiary**" shall mean a written or electronic designation of beneficiary form or process in such form, content, and process (including via an online process) as may be adopted from time to time by the Company or its designated agent or third party administrator for the purpose of enabling a Participant to designate one or more beneficiary(ies) who is/are to receive any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death.

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(h) "**Employee**" shall mean any individual who is an employee of Knight-Swift or a Participating Subsidiary for federal income tax withholding purposes. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by Knight-Swift or a Participating Subsidiary. Individuals classified as independent contractors, consultants, advisers, or non-employee members of the Board are not considered "Employees."

(i) "**Enrollment Date**" shall mean the first Trading Day of each Offering Period.

(j) "**Enrollment Form**" shall mean a written or electronic enrollment form or process (including an online process) authorizing payroll deductions in such form and content as may be adopted from time to time by the Company or its designated agent or third party administrator for the purpose of enrolling eligible Employees as Participants in the Plan.

(k) "**Fair Market Value**" shall mean, on a given date of determination (e.g., an Enrollment Date or Purchase Date, as the case may be), the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange (not including an automated quotation system), its Fair Market Value shall be the closing sales price for a share of the Common Stock (or the closing bid, if no sales were reported) on the date of determination as quoted on such exchange on which the Common Stock has the highest average trading volume, as reported in *The Wall Street Journal* or such other source as the Board deems reliable, or (ii) if the Common Stock is listed on a national market system and the highest average trading volume of the Common Stock occurs through that system, the Fair Market Value shall be the average of the high and the low selling prices reported on the date of determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable, or (iii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean average of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in *The Wall Street Journal* or such other source as the Board deems reliable, or, (iv) in the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Board.

(l) "**Knight-Swift**" shall mean Knight-Swift Transportation Holdings Inc., a Delaware corporation.

(m) "**New Purchase Date**" is defined in Section 18(b) and 18(c), as the case may be.

(n) "**Offering Period**" initially shall mean each three-month period that begins and ends on January 1 through March 31, April 1 through June 30, July 1 through September 30, or October 1 through December 31, or such other period or periods as the Board may establish from time to time as set forth in Section 4, *provided* that if the first and/or last day of an Offering Period begins or ends (as applicable) on a day that is not a Trading Day, then (i) the first day of the Offering Period will begin on the immediately following Trading Day, and/or (ii) the last day of the Offering Period will end on the immediately preceding Trading Day.

(o) "**Participant**" shall mean an eligible Employee who has elected to participate in the Plan by completing and submitting an Enrollment Form as provided in Section 5.

(p) "**Participating Subsidiary**" shall mean a Subsidiary that has been designated by the Board from time to time (as set forth in Section 13(a)(iv)) as eligible to participate in the Plan with respect to its Employees. The subsidiaries listed on Exhibit A attached to this Plan have been designated by the Board as the "Participating Subsidiaries" under the Plan. Exhibit A may be updated, supplemented, modified, or amended from time to time by the Board.

(q) "**Plan**" shall mean this Amended and Restated 2012 Employee Stock Purchase Plan.

(r) "**Purchase Date**" shall mean the last Trading Day of each Offering Period.

(s) "**Purchase Price**" shall mean the price per share at which Participants will purchase shares of Common Stock in a given Offering Period, which initially shall be 95% of the Fair Market Value of a share of Common Stock on the Purchase Date of such Offering Period. The Board may establish a different Purchase Price from time to time as set forth in Section 4.

(t) "**Purchase Right**" shall mean a Participant's right to purchase shares of Common Stock under the Plan.

(u) "**Reserves**" shall mean the number of shares of Common Stock covered by each Purchase Right under the Plan that has not yet been exercised and the number of shares of Common Stock that have been authorized for issuance under the Plan but not yet placed under Purchase Rights or purchased upon the exercise of Purchase Rights.

(v) "**Subsidiary**" shall mean any entity treated as a corporation (other than Knight-Swift) in an unbroken chain of corporations beginning with Knight-Swift, within the meaning of Code Section 424(f), whether or not such corporation exists as of the effective date of the Plan or is hereafter organized or acquired by Knight-Swift or a Subsidiary.

(w) "**Trading Day**" shall mean a day on which national stock exchanges are open for trading.

3. **Eligibility**.

(a) Participation in the Plan is voluntary and is limited to Employees of Knight-Swift or of any Participating Subsidiary designated by the Board as eligible to participate in the Plan (as set forth in Section 13(a)(iv)) who meet the otherwise applicable requirements of the Plan. Subject to limitations imposed by Section 423(b) of the Code, each Employee who has been employed by Knight-Swift or a Participating Subsidiary for at least 90 days prior to an Enrollment Date shall be eligible to participate in the Plan for the Offering Period beginning on that Enrollment Date, *provided* that the Board, in its discretion, may allow "prior service credit" for persons who become Employees as a result of (i) the acquisition of an existing business entity by Knight-Swift or any Participating Subsidiary or (ii) the hiring of one or more new Employees as a result of the acquisition of new business operations by Knight-Swift or any Participating Subsidiary. Notwithstanding the foregoing, (A) Employees who are subject to the reporting requirements under Section 16(a) of the Securities Exchange Act of 1934, as amended, will not be permitted to participate in the Plan, and (B) Employees who are citizens or residents of a foreign jurisdiction (without regard to whether they are citizens of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) will not be permitted to participate in the Plan if (1) the grant of a Purchase Right under the Plan to a citizen or resident of the foreign jurisdiction is prohibited under the laws of such jurisdiction or (2) compliance with the laws of the foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code.

(b) Notwithstanding any provisions of the Plan to the contrary, no Employee shall be granted a Purchase Right under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of Knight-Swift or of any Subsidiary and/or hold outstanding rights to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of Knight-Swift or of any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of Knight-Swift and its Subsidiaries accrues at a rate that exceeds $25,000 worth of Common Stock (determined at the Fair Market Value of the shares at the time such Purchase Right is granted) for each calendar year in which such Purchase Right is outstanding at any time.

4. **Changes in Offering Periods and Purchase Price**. The duration and timing of Offering Periods may be changed or modified from time to time by the Board in its sole discretion, *provided* that in no event may an Offering Period exceed 27 months. The Purchase Price may be changed or modified from time to time by the Board in its sole discretion, *provided* that in no event may the Purchase Price for any Offering Period be less than the lower of (i) 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period, or (ii) 85% of the Fair Market Value of a share of Common Stock on the Purchase Date of such Offering Period.

5. **Participation**. An eligible Employee may become a Participant in the Plan by completing and submitting to the Company (or its agent or a third party administrator as may be designated by the Company from time to time) an Enrollment Form prior to the applicable Enrollment Date. Payroll deductions for a Participant shall commence on the first payroll period end date following the beginning of such Offering Period and shall end on the last payroll processing date in the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant.

6. **Payroll Deductions**.

(a) At the time a Participant submits his or her Enrollment Form, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not exceeding 15% of the Compensation that he or she receives on each pay day during the Offering Period, and the aggregate of the payroll deductions during the Offering Period shall not exceed 15% of the Participant's Compensation during the Offering Period.

(b) All payroll deductions made for a Participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages only. A Participant may not make any additional payments into such account.

(c) A Participant may discontinue his or her participation in the Plan or may increase or decrease the rate of his or her payroll deductions during the Offering Period by completing and submitting to the Company (or its designated agent or third party administrator) a new Enrollment Form authorizing a change in the payroll deduction rate. The change in rate shall be effective as soon as administratively practicable after the Company's (or its designated agent's or third party administrator's) receipt of the new Enrollment Form. The amount withheld for a specific payroll period will be based on the rate in effect on the payroll processing date. A Participant's Enrollment Form shall remain in effect for successive Offering Periods unless changed or terminated by such Participant.

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b) of the Code and Section 3(b) of the Plan for a given calendar year, the Company may decrease a Participant's payroll deductions to zero percent (0%) at any time during an Offering Period that is scheduled to end during such current calendar year. In such a case, payroll deductions shall recommence at the rate provided in such Participant's Enrollment Form at the beginning of the first Offering Period that is scheduled to end in the following calendar year, unless otherwise changed or terminated by the Participant.

(e) On each Purchase Date or at the time the Participant sells or otherwise disposes of some or all of Common Stock issued under the Plan, the Participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, that arise upon the purchase or disposition of shares of Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the Participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to the sale or early disposition of Common Stock by the Participant.

7. **Grant of Purchase Right**. On the Enrollment Date of each Offering Period, each Participant in such Offering Period shall be granted the right to purchase on the Purchase Date for such Offering Period, at the applicable Purchase Price, up to a number of shares of Common Stock determined by dividing such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date by the applicable Purchase Price; *provided* that in no event shall a Participant be permitted to purchase more than a number of shares determined by dividing $6,250 by the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period, and *provided further* that such purchase shall be subject to the limitations set forth in Sections 3(b) and 18. The Board may increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock a Participant may purchase during each Offering Period prior to the beginning of such Offering Period. Exercise of the Purchase Right shall occur as provided in Section 8.

8. **Automatic Purchase**.

(a) Unless a Participant withdraws from the Plan as provided in Sections 10(a)(ii) or 10(b), the Participant's right to purchase Common Stock shall be exercised automatically on the Purchase Date and the maximum number of whole shares subject to such Purchase Right shall be purchased for such Participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. Fractional shares may not be purchased, and the funds attributable to any fractional share shall remain in the Participant's account and be carried over to the next Offering Period unless the Participant withdraws from the Plan as provided in Section 10, in which case the cash shall be returned to the Participant. Any other monies left over in a Participant's account after the Purchase Date shall be returned to the Participant.

(b) If the Board determines that, on a given Purchase Date, the number of shares with respect to which Purchase Rights are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares available for sale under the Plan on such Purchase Date, the Board, in its sole discretion, may provide that Knight-Swift shall make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as shall be practicable and as it shall determine in its sole discretion to be equitable among all Participants exercising rights to purchase Common Stock on such Purchase Date, and terminate any or all Offering Periods then in effect pursuant to Section 19. Knight-Swift may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by Knight-Swift's stockholders subsequent to such Enrollment Date.

9. **Delivery**. As soon as practicable after the exercise of a Purchase Right, Knight-Swift shall deliver or cause to have delivered to the Participant a record of the Common Stock purchased and the balance of any amount of payroll deductions credited to the Participant's account not used for the purchase, except as specified below. The Board may permit or require that shares be deposited directly with a broker designated by the Board or to a designated agent of the Company, and the Board may utilize electronic or automated methods of share transfer. The Board may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. Knight-Swift or its Participating Subsidiary shall retain the amount of payroll deductions used to purchase Common Stock as full payment for the Common Stock and the Common Stock shall then be fully paid and non-assessable.

10. **Withdrawal**.

(a) A Participant may withdraw from participation in an Offering Period at any time by completing and submitting to the Company (or its designated agent or third party administrator) a written or electronic withdrawal notice in such form, content, and process (including via an online process) as may be adopted from time to time by the Company or its designated agent or third party administrator for such purpose. Such notice will provide the Participant with the ability to choose either of the following options:

(i) The Participant may elect not to withdraw any payroll deductions credited to his or her account and not yet used to exercise his or her Purchase Right under the Plan, in which case payroll deductions credited to the Participant's account for such Offering Period will be used to purchase shares of Common Stock as set forth in Section 8; or

(ii) The Participant may elect to withdraw all, but not less than all, of the payroll deductions credited to his or her account and not yet used to exercise his or her Purchase Right under the Plan. In this case, promptly after receipt by the Company (or its designated agent or third party administrator) of the Participant's withdrawal notice, all of the Participant's payroll deductions credited to his or her account will be paid to the Participant, the Participant's Purchase Right for the then-current Offering Period will be automatically terminated, and no further payroll deductions for the purchase of shares will be made during the then-current Offering Period.

In either case, if a Participant withdraws from an Offering Period, payroll deductions will not resume at the beginning of any succeeding Offering Period unless the Participant completes and submits to the Company (or its designated agent or third party administrator) a new Enrollment Form in accordance with Section 5.

(b) Upon termination of a Participant's employment relationship for any reason, the payroll deductions credited to the Participant's account during the Offering Period but not yet used to exercise the Purchase Right will be returned to the Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and the Participant's Purchase Rights will be automatically terminated.

(c) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by Knight-Swift or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. **Interest**. No interest shall accrue on or be credited to the payroll deductions of a Participant in the Plan.

12. **Stock**. Following an adjustment pursuant to Section 18 due to changes in the capitalization of Knight-Swift on the Amendment Date, as of the Amendment Date the maximum number of shares of Common Stock that are available for sale under the Plan is 1,210,881 shares. That number will be subject to adjustment in the future (a) as set forth in the following sentence or (b) upon changes in capitalization of Knight-Swift as provided in Section 18, Beginning with Knight-Swift's fiscal year ending December 31, 2018 and thereafter, the maximum number of shares of Common Stock that shall be made available for sale under the Plan shall be increased, but not decreased, so that the maximum number of shares shall not exceed the greater of (i) 1,210,881 shares or (ii) 1% of the number of issued and outstanding shares of Common Stock as of the last day of the immediately preceding fiscal year. Shares of Common Stock subject to the Plan may be newly issued shares or treasury shares. If and to the extent that any Purchase Right is not exercised for any reason, or if any Purchase Right terminates as provided herein, the shares that have not been

so purchased shall again become available for the purposes of the Plan, unless the Plan has been terminated. If, on a given Purchase Date, the number of shares with respect to which Purchase Rights are to be exercised exceeds the number of shares then available under the Plan, Knight-Swift shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as is practicable and as the Board determines is equitable. No Participant shall have any voting, dividend, or other stockholder rights with respect to shares subject to any Purchase Right granted under the Plan until the shares subject to the Purchase Right have been purchased and delivered to the Participant as provided in Section 9. Shares to be delivered to a Participant under the Plan shall be registered in the name of the Participant or in the name of the Participant and such other person as may be designated by the Participant.

13. **Administration**.

(a) The Plan shall be administered by the Board. The Board shall have full and exclusive discretionary authority (i) to construe, interpret, and apply the terms of the Plan, (ii) to prescribe, amend, and rescind rules and regulations relating to the Plan, (iii) to determine eligibility of Employees to participate in the Plan, (iv) to designate, from time to time and in its sole discretion, which Participating Subsidiaries shall be eligible to participate in the Plan, (v) to correct any defect or rectify any omission in the Plan, (vi) to adjudicate all disputed claims filed under the Plan or to reconcile any inconsistency in the Plan and any Purchase Right granted under the Plan, and (vii) to make all other determinations necessary or advisable for the administration of the Plan. Every finding, decision, and determination made by the Board shall, to the full extent permitted by law, be final and binding upon all persons. The Board, in its discretion, may request advice or assistance and may delegate the authority and responsibility for the day-to-day administrative or ministerial tasks of the Plan to a benefits representative, third party administrator, or other qualified agent, including a brokerage firm or other third party engaged for such purpose.

(b) In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company, members of the Board shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any right granted under the Plan, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by Knight-Swift) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to Knight-Swift, in writing, the opportunity at its own expense to handle and defend the same.

14. **Designation of Beneficiary**. With respect to shares of Common Stock purchased by a Participant pursuant to the Plan and held in an account maintained by Knight-Swift (or its designated agent or third party administrator) on the Participant's behalf, the Participant may be permitted to submit to the Company (or its designated agent or third party administrator) a

Designation of Beneficiary in order to designate one or more beneficiary(ies) who is/are to receive (a) any shares of Common Stock and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to the end of an Offering Period but prior to delivery to him or her of such shares and cash, and (b) any cash from the Participant's account under the Plan in the event of such Participant's death prior to the Purchase Date of an Offering Period. If a Participant is married and any designated beneficiary is not the spouse, then, to the extent required by local law, consent of the Participant's spouse shall be required for such designation to be effective. The Participant (and if required under the preceding sentence, his or her spouse) may change any designated beneficiary at any time by submitting a new Designation of Beneficiary. Subject to local legal requirements, in the event of a Participant's death, Knight-Swift (or its designated agent or third party administrator) shall deliver any shares of Common Stock and/or cash to the designated beneficiary. Subject to local law, in the event of the death of a Participant and in the absence of a beneficiary validly designated who is living at the time of such Participant's death, Knight-Swift (or its designated agent or third party administrator) shall deliver such shares of Common Stock and/or cash to the executor or administrator of the estate of the Participant or, if no such executor or administrator has been appointed (to the knowledge of Knight-Swift), Knight-Swift, in its sole discretion, may deliver (or cause its designated agent or third party administrator to deliver) such shares of Common Stock and/or cash to the Participant's spouse or to any one or more dependents or relatives of the Participant or, if no spouse, dependent or relative is known to Knight-Swift, then to such other person as Knight-Swift may reasonably determine. The provisions of this Section 14 shall in no event require Knight-Swift (or its designated agent or third party administrator) to violate local law, and Knight-Swift (or its designated agent or third party administrator) shall be entitled to take whatever action it reasonably concludes is desirable or appropriate in order to transfer the assets allocated to a deceased Participant's account in compliance with local law.

15. **Transferability**. Neither payroll deductions credited to a Participant's account nor any rights with regard to the exercise of a Purchase Right or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution or as provided in Section 14) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such an act as an election to withdraw funds from an Offering Period in accordance with Section 10(a)(ii).

16. **Use of Funds**. All payroll deductions received or held by the Company under the Plan may be used by the Company, prior to and after the relevant Purchase Date, for any corporate purpose and the Company shall not be obligated to segregate such payroll deductions.

17. **Reports**. Individual accounts shall be maintained for each Participant in the Plan by the Company or by the Company's designated agent or third party administrator. Statements of account shall be given to participating Employees at least annually by the Company or by its designated agent or third party administrator in accordance with procedures approved by the Company. Such statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased, and the remaining cash balance, if any.

18. **Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger, or Asset Sale**.

(a) **Changes in Capitalization**. Subject to any required action by the stockholders of Knight-Swift, the Reserves, the maximum number of shares each Participant may purchase in each Offering Period pursuant to Section 7, as well as the price per share and the number of shares of Common Stock covered by each Purchase Right under the Plan that has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by Knight-Swift; *provided*, *however*, that conversion of any convertible securities of Knight-Swift shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive. Except as expressly provided herein, no issuance by Knight-Swift of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to a Purchase Right.

(b) **Dissolution or Liquidation**. In the event of the proposed dissolution or liquidation of Knight-Swift, the Offering Period then in progress shall be shortened by setting a new Purchase Date (the "**New Purchase Date**"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The New Purchase Date shall be before the date of Knight-Swift's proposed dissolution or liquidation. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Purchase Date, that the Purchase Date for the Participant's Purchase Right has been changed to the New Purchase Date and that the Participant's Purchase Right shall be exercised automatically on the New Purchase Date unless the Participant has withdrawn from the Offering Period prior to that date (or such earlier date as may be established by the Board for withdrawing).

(c) **Merger or Asset Sale**. In the event of a proposed sale of all or substantially all of the assets of Knight-Swift, or the merger of Knight-Swift with or into another corporation, each outstanding Purchase Right shall be assumed or an equivalent Purchase Right substituted by the successor entity or a parent or subsidiary of the successor entity. In the event that the successor entity refuses to assume or substitute for the Purchase Right, any Offering Periods then in progress shall be shortened by setting a new Purchase Date (the "**New Purchase Date**") and any Offering Periods then in progress shall end on the New Purchase Date. The New Purchase Date shall be before the date of Knight-Swift's proposed sale or merger. The Board shall notify each Participant in writing, at least ten (10) business days prior to the New Purchase Date, that the Purchase Date for the Participant's Purchase Right has been changed to the New Purchase Date and that the Participant's Purchase Right shall be exercised automatically on the New Purchase Date unless the Participant has withdrawn from the Offering Period prior to that date (or such earlier date as may be established by the Board for withdrawing). For purposes of this Section 18, a Purchase Right granted under the Plan shall be deemed to be assumed if, following the sale of assets or merger, the Purchase Right confers the right to purchase for each share of Common Stock subject to the Purchase Right immediately prior to the sale of assets or merger the consideration (whether stock, cash or other securities or property) received in the sale of assets or merger by holders of Common Stock for each share of Common Stock held on the effective date of the transaction (and if the holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received in the sale of assets or merger was not solely common equity of the successor entity or its parent (as defined in Section 424(e) of the Code), the Board may, with the consent of the successor entity and the Participant, provide for the consideration to be received upon exercise of the Purchase Right to be solely common equity of the successor entity or its parent equal in fair market value to the per share consideration received by holders of Common Stock in connection with the sale of assets or merger.

(d) **Other Adjustments**. The Board, if it so determines in the exercise of its sole discretion, also may make provision for adjusting the Reserves, as well as the price per share of Common Stock covered by each outstanding Purchase Right, in the event Knight-Swift effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock or in the event of Knight-Swift being consolidated with or merged into any other corporation or other entity.

19. **Amendment or Termination**.

(a) The Plan and all rights of Employees hereunder shall terminate on the Purchase Date on which Participants become entitled to purchase a number of shares greater than the number of reserved shares remaining available for purchase under the Plan. The Board may at any time and for any reason terminate the Plan or from time to time amend the Plan in such respects as the Board deems advisable. Except as provided in Section 18, no such termination can affect Purchase Rights previously granted, *provided* that an Offering Period may be terminated by the Board on any Purchase Date if the Board determines that the termination of the Offering Period or the Plan is in the best interests of Knight-Swift and its stockholders. Except as provided in Section 18 and this Section 19, no amendment may make any change in any Purchase Right theretofore granted that adversely affects the rights of any Participant. To the extent necessary to comply with Section 423 of the Code (or any successor rules or provisions or any other applicable law, regulations or stock exchange rules), Knight-Swift shall obtain stockholder approval of an amendment or termination in such a manner and to such a degree as required. Further, the Board may not amend the Plan without prior approval of the stockholders of Knight-Swift if the amendment would materially increase the benefits accruing to Participants under the Plan, materially increase the number of shares of Common Stock that may be issued under the Plan, or materially modify the requirements as to eligibility for participation in the Plan.

(b) Without stockholder consent and without regard to whether any Participant rights may be considered to have been "adversely affected," the Board shall be entitled to change the Offering Periods or Purchase Price, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan or to comply with applicable law, regulations, or stock exchange rules.

(c) In the event the Board determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Board may, in its discretion and, to the extent necessary or desirable, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(ii) shortening any Offering Period so that Offering Period ends on a New Purchase Date, including an Offering Period underway at the time of the Board action; and

(iii) changing the method of allocating shares.

Such modifications or amendments shall not require stockholder approval or the consent of any Participant.

20. **Special Rules for Foreign Jurisdictions**. The Board may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures that apply to Subsidiaries incorporated or otherwise organized in jurisdictions outside the United States of America. Without limiting the generality of the foregoing, the Board is specifically authorized to adopt rules and procedures regarding handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures and handling of stock certificates that vary with local requirements; *provided*, however, that if such varying provisions are not in accordance with the provisions of Section 423(b) of the Code, including but not limited to the requirement of Section 423(b)(5) of the Code that all Purchase Rights granted under the Plan shall have the same rights and privileges unless otherwise provided under the Code and the regulations promulgated thereunder, then the individuals affected by such varying provisions shall be deemed to be participating under a sub-plan and not in the Plan. The Board also may adopt sub-plans applicable to particular Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code and shall be deemed to be outside the scope of Section 423 of the Code unless the terms of the sub-plan provide to the contrary. The rules of such sub-plans may take precedence over other provisions of the Plan, with the exception of Section 7, but unless otherwise superseded by the terms of such sub-plan, the provisions of the Plan shall govern the operation of such sub-plan. The Board shall not be required to obtain the approval of the stockholders of Knight-Swift prior to the adoption, amendment or termination of any sub-plan unless required by the laws of the foreign jurisdiction in which Employees participating in the sub-plan are located.

21. **Notices**. All notices or other communications by a Participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form

specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. **Conditions Upon Issuance of Shares**.

(a) No Purchase Right granted under the Plan may be exercised to any extent unless the issuance of shares of Common Stock pursuant to such Purchase Right is covered by an effective registration statement pursuant to the Securities Act of 1933, as amended, and the Plan is in material compliance with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, applicable state and foreign securities laws, and the listing or trading requirements of any stock exchange or trading market upon which shares of Common Stock may then be listed, subject to the approval of counsel for the Company with respect to such compliance. If on any Purchase Date in any Offering Period hereunder, shares of Common Stock are not so registered or listed or the Plan is not in such compliance, the Purchase Rights granted under the Plan that are not in material compliance shall not be exercised on such Purchase Date and the Purchase Date shall be delayed until the shares issuable under the Plan are subject to such an effective registration statement and listing or trading requirements and the Plan is subject to such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Enrollment Date relating to such Offering Period. If, on the Purchase Date of any Offering Period under the Plan (as delayed to the maximum extent permissible), the shares of Common Stock are not registered or listed or the Plan is not in such compliance, Purchase Rights granted under the Plan that are not in material compliance shall not be exercised and all payroll deductions accumulated during the Offering Period (reduced to the extent, if any, that such deductions have been used to acquire shares of Common Stock) shall be returned to the Participants, without interest. The provisions of this Section 22 shall comply with the requirements of Section 423(b)(5) of the Code to the extent applicable.

(b) As a condition to the exercise of a Purchase Right, the Company may require the person exercising such Purchase Right to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any applicable provisions of law. Additionally, the Company may require that (i) shares acquired through the Plan be held by the Participant for a minimum period of time before such shares may be transferred, and (ii) the Participant give written notice to the Company if the Participant sells or otherwise makes a disposition (within the meaning of Section 423 of the Code) of any of the Common Stock acquired under the Plan prior to the later of (i) two years from the date of grant of the Purchase Right with respect to such shares, and (ii) one year from the Purchase Date with respect to such shares. The notice shall include the Participant's name, the Purchase Price, exercise date, the number of shares of Common Stock disposed of, and the date of disposition.

(c) The Company may require a legend setting forth any applicable transfer restrictions to be stamped or otherwise written on the certificates of shares purchased through the Plan.

23. **No Guaranty of Employment**. The Plan does not constitute an employment contract. Nothing in the Plan shall in any way alter the "at will" nature of a Participant's employment or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of Knight-Swift or a Participating Subsidiary, any obligation on the part of Knight-Swift or a Participating Subsidiary to continue the employment of a Participant, or any limitation on the right of Knight-Swift or a Participating Subsidiary to discharge any Participant or other Employee at any time, for any reason or no reason, with or without notice.

24. **Term of Plan**. The Plan became effective on August 1, 2012 and was amended and restated by the Board effective on the Amendment Date. The Plan shall continue in effect until the earliest of (i) the date there are no shares of Common Stock remaining available for purchase under the Plan, or (ii) such date as is determined by the Board in its discretion.

EXHIBIT A

PARTICIPATING SUBSIDIARIES

Interstate Equipment Leasing, LLC
Swift Transportation Co. of Arizona, LLC
Swift Logistics, LLC
Swift Warehousing, LLC
Swift Transportation Services, LLC
Swift Leasing Co., LLC
Mohave Transportation Insurance Co., Inc.
Swift Freight Forwarding, LLC

Knight Transportation, Inc.
Knight Refrigerated LLC
Squire Transportation, LLC
Knight Capital Growth, LLC
Knight Port Services, LLC
Knight Truck & Trailer Sales, LLC
Quad K, LLC
Knight Transportation Services, Inc.
Knight Refrigerated Services (DBA)
Knight Logistics, LLC
Knight Management Services, Inc.
Knight 101 LLC
Strehl, LLC
Knight Air LLC
Kool Trans LLC

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KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

AMENDED AND RESTATED 2014 OMNIBUS INCENTIVE PLAN

ARTICLE I

PURPOSE AND EFFECTIVE DATE

Section 1.1 Purpose. The purpose of the Amended and Restated Knight-Swift Transportation Holdings Inc. (the "Company") 2014 Omnibus Incentive Plan (the "Plan") is to provide incentives to certain Employees, Directors, and Consultants of the Company in a manner designed to reinforce the Company's performance goals; to link a significant portion of Participants' compensation to the achievement of such goals; and to continue to attract, motivate, and retain key personnel on a competitive basis.

Section 1.2 Effective Date. The Plan was approved by the Company's Board of Directors (the "Board") on March 28, 2014, but shall be effective as of the date it is approved by the stockholders at the Company's 2014 annual meeting (the "Effective Date"). If approved by the Company's stockholders, the Plan shall supersede and replace the Swift Transportation Company 2007 Omnibus Incentive Plan (as previously amended and restated on December 15, 2010) (the "2007 Plan"); provided, however, that the terms of the 2007 Plan as in effect immediately prior to the Effective Date shall continue to govern all awards granted under the 2007 Plan until such awards have been exercised, forfeited, cancelled or have otherwise expired or terminated. In the event that the Company's stockholders do not approve the Plan, the 2007 Plan will continue in full force and effect on its terms and conditions as in effect on March 28, 2014.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

Section 2.1 Certain Defined Terms. As used in this Plan, unless the context otherwise requires, the following terms shall have the following meanings:

(a) "Award" means any stock option, Stock Appreciation Right, Stock Award, Restricted Stock Unit Award, Performance Unit, or Cash Incentive Award granted under the Plan, whether singly, in combination, or in tandem, to a Participant by the Committee pursuant to such terms, conditions, restrictions, and/or limitations, if any, as the Committee may establish by the Award Notice or otherwise.

(b) "Award Notice" means the document (which may be in paper or electronic medium) establishing the terms, conditions, restrictions, and/or limitations of an Award in addition to those established by this Plan and by the Committee's exercise of its administrative powers. The Committee will establish the form of the document in the exercise of its sole and absolute discretion, provided the terms of such document are not inconsistent with or contradictory to this Plan.

(c) "Board" means the Board of Directors of the Company.

(d) "Cash Incentive Award" means an Award granted to a Participant pursuant to Article XIII (and which is not a Stock Award). A Cash Incentive Award grants the Participant the right to receive a cash payment if the Participant achieves the Performance Goals specified by the Committee during a Performance Period Specified by the Committee.

(e) "CEO" means the Chief Executive Officer of the Company.

(f) "Change in Control" means any one or more of the following events:

(i) a change in control of the Company that is required to be reported (1) in response to Item 6(e) of Schedule 14A of Regulation 14A under the Exchange Act (or any successor provisions or reports thereunder), (2) in response to Item 5.01 of Form 8-K (or any successor provisions or reports thereunder), or (3) in any other filing by the Company with the Securities and Exchange Commission;

(ii) a transaction or series of transactions in which any "person" within the meaning of Section 13(d)(3) and Section 14(d)(2) of the Exchange Act, other than a Permitted Holder is or becomes the "beneficial owner" within the meaning of Rule 13d-3 under the Exchange Act, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the outstanding securities of the Company ordinarily having the right to vote in the election of directors; provided, however, that the following events will not constitute a "Change in Control" for purposes of the Plan: (1) any acquisition by any person or entity if, immediately following such acquisition, more than 75% of the outstanding securities of the acquirer ordinarily having the right to vote in the election of directors is beneficially owned by all or substantially all of those persons who, immediately prior to such acquisition, were the beneficial owners of the outstanding securities of the Company ordinarily having the right to vote in the election of directors; (2) any acquisition directly from the Company; (3) any acquisition of voting securities by the Company, including any acquisition that, by reducing the number of shares outstanding, is the sole cause for increasing the percentage of shares beneficially owned by any such person to more than the percentage set forth above; (4) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; (5) any acquisition by any person pursuant to a transaction that complies with clauses (1), (2) and (3) of paragraph (iii) below; or (6) any transaction, acquisition, or other event that the Board (as constituted immediately prior to such person becoming such a beneficial owner) determines, in its sole discretion, does not constitute a "Change in Control" in such a situation;

(iii) consummation by the Company of a Business Combination (as defined below) unless, following such Business Combination, (1) more than 75% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors or managers of the entity resulting from such Business Combination (including without limitation, an entity that as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) is represented by voting securities of the Company that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by voting securities into which such previously outstanding voting securities of the Company were converted pursuant to such Business Combination) and such ownership of voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's voting securities; (2) no person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of the then- outstanding voting securities of the entity resulting from such Business Combination except to the extent that such ownership existed prior to the Business Combination; and (3) at least a majority of the members of the board of directors or managers of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination. For purposes of this paragraph (iii), "Business Combination" means a reorganization, merger or consolidation of the Company with another person or sale or other disposition of all or substantially all of the assets of the Company to any person other than to a Subsidiary or a Permitted Holder or the acquisition of assets of another corporation; or

(iv) upon the approval by the Company's stockholders of a complete liquidation and dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company other than to a Subsidiary.

Notwithstanding the foregoing, except as otherwise provided in an Award Notice, a Change in Control shall not occur for purposes of this Plan in the case of Awards that are subject to the requirements of Section 409A of the Code unless the Change in Control constitutes a "change in control event" as defined in Section 409A of the Code.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, including the regulations thereunder and any successor provisions and the regulations thereto.

(h) "Committee" means the Compensation Committee of the Board, or such other Board committee as may be designated by the Board to administer the Plan; provided, however, that at all times the Committee shall consist of two or more Directors, all of whom are: (i) "Non-Employee Directors" within the meaning of Rule 16b-3 under the Exchange Act; (ii) "outside directors" within the meaning of Treasury Regulation Section 1.162-27(e)(3); and (iii) "independent directors" within the meaning of the NYSE Listing Standards or rules of any securities exchange or automated quotation system on which the shares of Stock are then listed, quoted or traded. All references in the Plan to the "Committee" shall be, as applicable, to the Compensation Committee or the committee designated by the Board.

(i) "Company" means Knight-Swift Transportation Holdings Inc. Company (f/k/a Swift Transportation Company), a Delaware corporation, and its Subsidiaries.

(j) "Consultant" means any consultant, adviser, or independent contractor who provides services to the Company or a Subsidiary as an independent contractor and not as an Employee; provided, however, that a Consultant may become Participant in this Plan only if he or she: (i) is a natural person; (ii) provides bona fide services to the Company; and (iii) provides services that are not in connection with the offer or sale of the Company's securities in a capital-raising transaction and do not promote or maintain a market for the Company's securities.

(k) "Covered Employee" means an Employee who is or could be a "covered employee" within the meaning of Section 162(m) of the Code.

(l) "Director or a Non-Employee Director" means a member of the Board who is not an Employee.

(m) "Disability" means "disability" within the meaning of Section 22(e)(3) of the Code unless a different definition is provided in the Award Notice.

(n) "Effective Date" has the meaning ascribed to it in Section 1.2.

(o) "Employee" means any person employed by the Company on a full or part-time basis.

(p) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, including the regulations thereunder and any successor provisions and regulations thereto.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, including the rules thereunder and any successor provisions and the rules thereto.

(r) "Fair Market Value" means the closing sale price of one share of Stock as reported on the NYSE (or other securities exchange or automated quotation system on which the shares of Stock are then listed, quoted or traded) on the date such value is determined or, if Stock is not traded on such date, on the first immediately preceding business day on which Stock was so traded.

(s) "Family Member" means a Participant's spouse and any parent, stepparent, grandparent, child, stepchild, or grandchild, including adoptive relationships or a trust or any other entity in which these persons (or the Participant) have more than 50% of the beneficial interest.

(t) "NYSE" means the New York Stock Exchange.

(u) "Participant" means an Employee, Director, or Consultant to whom an Award has been granted under the Plan.

(v) "Performance Awards" means an Award granted pursuant to Article VII that is intended to satisfy the requirements of the "performance-based compensation" exception to the limitations imposed by Section 162(m) of the Code, on the tax deductibility of compensation paid to Covered Employees.

(w) "Performance Criteria" means the one or more criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Participant for a Performance Period. The Performance Criteria that will be used to establish such Performance Goal(s) for a Performance Award shall be expressed in terms of the attainment of specified levels of one or any variation or combination of the following and, are limited to the following: revenues (including, without limitation, measures such as revenue per mile (loaded or total) or revenue per tractor), net revenues, fuel surcharges, accounts receivable collection or days sales outstanding, cost reductions and savings (or limits on cost increases), safety and claims (including, without limitation, measures such as accidents per million miles and number of significant accidents), operating income, operating ratio, income before taxes, net income, earnings before interest and taxes (EBIT), earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted net income, earnings per share, adjusted earnings per share, stock price, working capital measures, return on assets, return on revenues, debt-to-equity or debt-to-capitalization (in each case with or without lease adjustment), productivity and efficiency measures (including, without limitation, measures such as driver turnover, trailer to tractor ratio, and tractor to non-driver ratio), cash position, return on stockholders' equity, return on invested capital, cash flow measures (including, without limitation, free cash flow), market share, stockholder return, economic value added, or completion of acquisitions (either with or without specified size). The Performance Criteria that will be used to establish Performance Goals with respect to any Award other than a Performance Award that is subject to Article VII will include the above listed Performance Criteria and such other criteria as may be set forth by the Committee in the applicable Award Notice. Any of the Performance Criteria may be measured either in absolute terms or as compared to any incremental increase or as compared to the results of a peer group, indices, or other basket of companies. Financial Performance Criteria may, but need not, be calculated in accordance with generally accepted accounting principles ("GAAP") or any successor method to GAAP, including International Financial Reporting Standards. The Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for a particular Performance Period for a particular Participant. In addition, with respect to any Award other than a Performance Award that is subject to Article VII, the Committee may establish, as additional Performance Criteria, the attainment by a Participant of one or more personal objectives and/or goals that the Committee deems appropriate, including but not limited to implementation of Company policies, negotiation of significant corporate transactions, development of long-term business goals or strategic plans for the Company, or the exercise of specific areas of managerial responsibility. Each of the Performance Criteria may be expressed on an absolute and/or relative basis or as compared to results of one or more peer group companies or indices, and may include comparisons with past performance of the Company (including one or more divisions thereof, if any) and/or the current or past performance of other companies.

(x) "Performance Formula" means, for a Performance Period, the one or more objective formulas (expressed as a percentage or otherwise) applied against the relevant Performance Goal(s) to determine whether all, some portion but less than all, or none of the Award has been earned for the Performance Period. For this purpose, the Performance Formula will be considered to be objective only if a third party having knowledge of the relevant performance results could calculate the amount to be paid pursuant to the Award. The Performance Formula must preclude discretion to increase the amount of compensation payable that would otherwise be due upon the attainment of any Performance Goal.

(y) "Performance Goals" means, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, plant or an individual. The Performance Goals may be stated in terms of absolute levels and/or relative levels or as compared to results of one or more peer group companies or indices, and may include comparisons with past performance of the Company (including one or more divisions thereof if any) and/or the current or past performance of other companies.

(z) "Permitted Holder" means (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.

(aa) "Performance Period" means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of, an Award, including a Performance Award.

(bb) "Performance Unit" means an award granted to a Participant pursuant to Article XII. A Performance Unit Award grants the Participant the right to receive Stock, a cash payment or a combination of Stock and cash, if the Participant achieves the Performance Goals specified by the Committee during a Performance Period specified by the Committee.

(cc) "Plan" means this 2014 Omnibus Incentive Plan.

(dd) "Restricted Stock Unit" means an Award granted to a Participant pursuant to Article XI. A Restricted Stock Unit Award grants the Participant the right to receive shares of Stock in the future. Stock will not be issued pursuant to a Restricted Stock Unit Award until the restrictions specified by the Committee lapse or if the Committee otherwise determines in its discretion that such Stock should not be issued.

(ee) "Securities Act" means the Securities Act of 1933, as amended from time

to time, including the rules thereunder and any successor provisions and the rules thereto.

(ff) "Separation from Service" is a term that applies only in the context of an Award that the Company concludes is subject to Section 409A of the Code. In that limited context, the term "Separation from Service" means either: (i) the termination of a Participant's employment with the Company and all Subsidiaries due to death, retirement or other reasons; or (ii) a permanent reduction in the level of bona fide services the Participant provides to the Company and all Subsidiaries to an amount that is less than 50% of the average level of bona fide services the Participant provided to the Company and all Subsidiaries in the immediately preceding 36 months, with the level of bona fide service calculated in accordance with Treasury Regulation Section 1.409A-1(h)(1)(ii).

Solely for purposes of determining whether a Participant has a "Separation from Service," a Participant's employment relationship is treated as continuing while the Participant is on military leave, medical or sick leave, or other bona fide leave of absence (if the period of such leave does not exceed six months, or if longer, so long as the Participant's right to reemployment with the Company or a Subsidiary is provided either by statute or contract). If the Participant's period of leave exceeds six months and the Participant's right to reemployment is not provided either by statute or by contract, the employment relationship is deemed to terminate on the first day immediately following the expiration of such six-month period. Whether a termination of employment has occurred will be determined based on all of the facts and circumstances and in accordance with Section 409A of the Code.

In the case of a Director, Separation from Service means that such member has ceased to be a member of the Board. Whether a Consultant has incurred a Separation from Service will be determined in accordance with Treasury Regulation Section 1.409A-1(h).

(gg) "Specified Employee" means a "specified employee" within the meaning of Section 409A of Code.

(hh) "Stock" means the Class A Common Stock, par value $0.01 per share, of the Company.

(ii) "Stock Appreciation Right or SAR" means an Award granted to a Participant pursuant to Article IX. A SAR gives a Participant a right to receive, in cash or in shares Stock, value equal to (or otherwise based on) the excess of: (i) the Fair Market Value of a specified number of shares of Common Stock at the time of exercise; over (ii) an exercise price established by the Committee.

(jj) "Stock Award" means an Award granted to a Participant pursuant to Article X. A Stock Award grants the Participant the right to receive Stock, subject to restrictions specified by the Committee.

(kk) "Subsidiary" means a corporation or other business entity in which the Company directly or indirectly has an ownership interest of 20 % or more, provided with respect to incentive stock options, Subsidiary means "subsidiary corporation" as defined in Section 424(f) of the Code, and provided, further, with respect to Awards that are subject to Section 409A of the Code, Subsidiary shall have the meaning ascribed to it in Treasury Regulation Section 1.409A-1(h)(3) (which generally requires 50% common ownership).

Section 2.2 Other Defined Terms. Unless the context otherwise requires, all other capitalized terms shall have the meanings set forth in the other Articles and Sections of this Plan.

Section 2.3 Construction. In any necessary construction of a provision of this Plan, the masculine gender may include the feminine, and the singular may include the plural, and vice versa.

ARTICLE III

ELIGIBILITY

Section 3.1 In General. All Employees, Directors, and Consultants are eligible to participate in the Plan. The Committee may select, from time to time, from those Employees, Directors, and Consultants, the individuals (i.e., the Participants) to receive Awards.

ARTICLE IV

PLAN ADMINISTRATION

Section 4.1 Responsibility. The Committee shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

Section 4.2 Authority of the Committee. The Committee shall have all the authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Committee shall have the exclusive right to:

(a) determine eligibility for participation in the Plan;

(b) select the Participants and determine the type of Awards to be made to Participants, the number of shares subject to Awards and the terms, conditions, restrictions, and limitations of the Awards, including, but not by way of limitation, restrictions on the transferability of Awards and conditions with respect to continued employment, Performance Criteria, confidentiality, and non-competition;

(c) interpret the Plan;

(d) construe any ambiguous provision, correct any default, supply any omission and reconcile any inconsistency of the Plan;

(e) issue administrative guidelines as an aid to administer the Plan and make changes in such guidelines as it from time to time deems proper (including but not limited to extending the ability to exercise options that otherwise would have expired during any relevant blackout period);

(f) make regulations for carrying out the Plan and make changes in such regulations as it from time to time deems proper;

(g) to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions and limitations;

(h) promulgate rules and regulations regarding treatment of Awards of a Participant under the Plan in the event of such Participant's death, Disability, retirement, termination from the Company, or breach of agreement by the Participant, or in the event of a Change in Control of the Company;

(i) accelerate the vesting, exercise, or payment of an Award or the Performance Period of an Award when such action or actions would be in the best interest of the Company (including, but not limited to, situations where the Committee concludes that the amendment is appropriate despite the deduction limitations imposed by Section 162(m));

(j) grant Awards in replacement of Awards previously granted under this Plan or any other executive compensation plan of the Company;

(k) establish and administer the Performance Goals and certify whether, and to what extent, they have been attained;

(l) determine the terms and provisions of any agreements entered into hereunder;

(m) take any and all other action it deems necessary or advisable for the proper operation or administration of the Plan; and

(n) make all other determinations it deems necessary or advisable for the administration of the Plan, including factual determinations.

The decisions of the Committee and its actions with respect to the Plan shall be final, binding, and conclusive upon all persons having or claiming to have any right or interest in or under the Plan.

Section 4.3 Option and SAR Repricing. Except for adjustments pursuant to Section 6.2, the Committee shall not reprice any stock options and/or SARs unless such action is approved by the Company's stockholders. For purposes of the Plan, the term "reprice" shall mean the reduction, directly or indirectly, in the per-share exercise price of an outstanding stock option(s) and/or SARs by amendment, cancellation or substitution or any other action that would be treated as a repricing under GAAP or the NYSE (or other securities exchange or automated quotation system on which the shares of Stock are then listed, quoted or traded).

Section 4.4 Section 162(m) of the Code. Throughout this Plan, certain references are made to Section 162(m) of the Code. With regard to Performance Awards issued to Covered Employees that are intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code, the Plan and applicable Award Notice shall, for all purposes, be interpreted and construed with respect to such Awards in the manner that would result in such interpretation or construction satisfying the exemptions available under Section 162(m) of the Code. If any provision of this Plan or an Award Notice for a Performance Award does not comply with or is inconsistent with the requirements of Section 162(m) of the Code, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, unless otherwise determined by the Committee.

Section 4.5 Action by the Committee. Except as otherwise provided by Section 4.6, the Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee.

Section 4.6 Allocation and Delegation of Authority. Except to the extent prohibited by applicable law or the NYSE (or other securities exchange or quotation system on which the shares of Stock are then listed, quoted or traded) the Committee may allocate all or any portion of its responsibilities and powers under the Plan to any one or more of its members, the CEO, or other senior members of management as the Committee deems appropriate, and may delegate all or any part of its responsibilities and powers to any such person or persons to the extent such delegation is permitted by applicable law; provided, that any such allocation or delegation be in writing; and provided, further, that only the Committee, may select and grant Awards to Participants who are subject to Section 16 of the Exchange Act or who are Covered Employees. The Committee may revoke any such allocation or delegation at any time for any reason with or without prior notice.

Section 4.7 Limitation of Liability. No member of the Committee nor any person to whom the Committee delegates authority pursuant to Section 4.6 shall be liable for any action, omission or determination relating to the Plan, and the Company shall indemnify and hold harmless each member of the Committee and each other person to whom any duty or power relating to the administration or interpretation of the Plan has been delegated from and against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan unless, in either case, such action, omission or determination was taken or made by such Committee member or other person in bad faith and without reasonable belief that it was in the best interests of the Company.

ARTICLE V

FORM OF AWARDS

Section 5.1 In General. Each Award shall be evidence by a written or electronic Award Notice and shall be subject to the terms, conditions, restrictions, and limitations of the Plan and such other terms and conditions prescribed by the Committee in the Award Notice. The terms of an Award Notice may vary depending on the type of Award and any combination of Awards may be granted at one time and on more than one occasion to the same Participant.

Section 5.2 Foreign Jurisdictions.

(a) Special Terms. In order to facilitate the making of any Award to Participants who are employed or retained by the Company outside the United States as Employees, Directors, or Consultants (or who are foreign nationals temporarily within the United States), the Committee may provide for such modifications and additional terms and conditions ("Special Terms") in Awards as the Committee may consider necessary or appropriate to accommodate differences between United States federal or state laws, rules and regulations and the local laws, policies or customs that are applicable to such Participants or to facilitate administration of the Plan. The Special Terms may provide that the grant of an Award is subject to (i) applicable governmental or regulatory approval or other compliance with local laws, policies or customs that are applicable to such Participants and/or (ii) the execution by the Participant of a written instrument in the form specified by the Committee, and that in the event such conditions are not satisfied, the grant shall be void. The Special Terms may also provide that an Award shall become exercisable or redeemable, as the case may be, if an Employee's employment or Director or Consultant's relationship with the Company ends as a result of workforce reduction, realignment, or similar measure and the Committee may designate a person or persons to make such determination for a location. The Committee may adopt or approve sub-plans, appendices or supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for purposes of implementing any Special Terms, without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such sub-plans, appendices or supplements to, or amendments, restatements, or alternative versions of, the Plan shall: (u) increase the numeric limitations contained in Section 6.1, 6.3 or any similar numeric limitation set forth in the Plan; (v) result in a repricing as described in Section 4.3, (w) extend the exercise period for a stock option or SAR beyond 10 years from the date of grant; (x) expand the types of Awards available for grant under the Plan; (y) expand the class of individuals eligible to participate in the Plan; or (z) cause the Plan to cease to satisfy any applicable legal requirement.

(b) Currency Effects. Unless otherwise specifically determined by the Committee, all Awards and payments pursuant to such Awards shall be determined in United States currency. The Committee shall determine, in its discretion, whether and to the extent any payments made pursuant to an Award shall be made in the Participant's local currency, as opposed to United States dollars. In the event payments are made in the Participant's local currency, the Committee may determine, in its discretion and without liability to any Participant, the method and rate of converting the payment into such local currency.

ARTICLE VI

SHARES SUBJECT TO PLAN

Section 6.1 Available Shares. The maximum aggregate number of shares of Stock which shall be reserved and available for the grant of Awards under the Plan is the number of shares of Stock that were authorized but unissued under the 2007 Plan as of the Effective Date, or 5,594,137 shares of Stock (the "Share Reserve"). The Share Reserve shall be subject to adjustment as provided in Section 6.2. Any shares of Stock related to Awards (including awards granted under the 2007 Plan prior to the Effective Date) that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such shares, or are settled in cash in lieu of Stock shall be available again for grant under the Plan. Moreover, if the exercise price of any Award granted under the Plan or the tax withholding requirements with respect to any Award granted under the Plan are satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation), only the number of shares of Stock issued net of the shares of Stock tendered will be deemed delivered for purposes of determining the number of shares in the Share Reserve. Shares of Stock purchased on the open market with cash proceeds generated by the exercise of a stock option will not increase or replenish the Share Reserve. The shares of Stock available for issuance under the Plan may be authorized and unissued shares or treasury shares, including shares purchased in open market or private transactions. For the purpose of computing the total number of shares of Stock granted under the Plan, where one or more types of Awards, both of which are payable in shares of Stock, are granted in tandem with each other such that the exercise of one type of Award with respect to a number of shares cancels an equal number of shares of the other, the number of shares granted under both Awards shall be deemed to be equivalent to the number of shares under one of the Awards.

Section 6.2 Adjustment Upon Certain Events. In the event that there is, with respect to the Company, a stock dividend or split, reorganization, recapitalization, merger, consolidation, spinoff, combination, or transaction or exchange of Stock or other corporate exchange, or any distribution to stockholders of Stock or other property or securities (other than regular cash dividends), or any transaction similar to the foregoing or other transaction that results in a change to the Company's capital structure, then the Committee shall make substitutions and/or adjustments to the maximum number of shares available for issuance under Section 6.1, the maximum Award payable under Section 6.3 and any other similar numeric limit set forth in the Plan, the number of shares to be issued pursuant to outstanding Awards, the exercise prices or purchase prices of outstanding Awards and/or any other affected terms of an Award or the Plan as the Committee, in its sole discretion and without liability to any person, deems equitable or appropriate. Unless the Committee determines otherwise, in no event shall a Performance Award be adjusted in a manner that would cause such Award to fail to qualify as "performance- based compensation" under Section 162(m) of the Code. Any adjustments made pursuant to this Section 6.2 shall be made in a manner consistent with the requirements of Section 409A of the Code and, in the case of "incentive stock options," in a manner consistent with Section 424(a) of the Code.

Section 6.3 Maximum Award Payable in Shares. Subject to Section 6.2, and notwithstanding any provision contained in the Plan to the contrary, the maximum number of shares of Stock payable (or granted, if applicable) (a) to any one Participant, other than a Director or Consultant, with respect to all Awards granted to such Participant during any one calendar year, is 800,000 shares of Stock or the equivalent cash value, and (b) to any one Participant, in the case of a Director or Consultant, with respect to all Awards granted to such Participant during any one calendar year, is 100,000 shares of Stock or the equivalent cash value.

ARTICLE VII

PERFORMANCE AWARDS

Section 7.1 Purpose. The purpose of this Article VII is to enable the Committee to qualify all or some of the Awards granted to Covered Employees pursuant to Articles X, XI, XII and XIII as "performance-based compensation" for purposes of Section 162(m) of the Code. If the Committee decides that a particular Award to a Covered Employee should qualify as "performance-based compensation," the Committee will provide in the Award Notice or otherwise that the Award is intended to be a Performance Award. This Article VII only applies to Performance Awards and if this Article VII applies, its provisions shall control over any contrary provision contained in the Plan or any Award Notice.

Section 7.2 Discretion of Committee with Respect to Performance Awards. With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period, the type(s) of Performance Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s), and whether the Performance Goal(s) is (are) to apply to the overall Company or to the performance of a division, business unit, plan or individual, any one or more subunits thereof and the Performance Formula used to determine the amount payable pursuant to the Award. Depending on the Performance Criteria used, to establish the Performance Goals, the Performance Goals may be stated in terms of absolute levels or relative to another company or index or indices.

Section 7.3 Additional Requirements that Apply to Performance Awards.

(a) Establishment of Performance Goals. A Performance Award shall provide for payment only upon the attainment of one or more pre-established, objective Performance Goals. The Performance Goals and the process by which they are established shall satisfy all of the requirements of Section 162(m) of the Code. By way of illustration, but not limitation, the following requirements must be satisfied: (i) the Performance Goals shall be based solely on the Performance Criteria specifically identified in Article II; (ii) the Performance Goals shall be considered to be pre-established only if the Performance Goals are established by the Committee in writing not later than 90 days after the commencement of the Performance Period for such Award; provided that (1) the outcome must be substantially uncertain at the time the Committee establishes the Performance Goals, and (2) in no event may the Committee establish the Performance Goals for any Performance Award after 25% of the Performance Period for such Award has elapsed; (iii) a Performance Goal will be considered to be objective only if a third party having knowledge of the relevant facts could determine whether the Performance Goal has been met; and (iv) the amount of compensation payable to a Covered Employee if the Performance Goal is attained is based on an objective Performance Formula.

(b) Performance Evaluation; Adjustment of Goals. At the time that a Performance Award is first issued, the Committee, in the Award Document or in another written document, may specify whether performance will be evaluated including or excluding the effect of any of the following events that occur during the Performance Period, as the Committee deems appropriate: (i) judgments entered or settlements reached in litigation or other regulatory proceedings; (ii) the write down or sale of assets; (iii) the impact of discontinued operations, any reorganization, liquidation, or restructuring; (iv) the impact of changes in tax laws, accounting principles, regulatory actions or other laws affecting reported results; (v) extraordinary, non- recurring, or other items that are not indicative of on-going operations; (vi) the impact of any mergers, acquisitions, spin-offs or other divestitures; and (vii) foreign exchange gains and losses. The inclusion or exclusion of these items shall be addressed in the Award Notice in a manner that satisfies the requirements of Section 162(m) of the Code. In the Award Notice, the Committee also may include or exclude other items in the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants: (1) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development; or (2) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

(c) Continued Employment. Unless otherwise provided in the relevant Award Notice, a Participant must be employed by the Company on the last day of a Performance Period to be eligible to receive payment for the Performance Award earned during such Performance Period.

(d) Certification. Following the completion of a Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, to also calculate and certify in writing the amount of the Performance Awards earned and payable for the period based upon the Performance Formula. Committee certification is not required for compensation that is attributable solely due to the increase in value of the Company's Stock.

(e) Negative Discretion. In determining the actual amount payable pursuant to a Performance Award for a Performance Period, the Committee may use its discretion to reduce (but not increase) or eliminate the amount of the Performance Award earned under the Performance Formula for the Performance Period, if in its sole judgment, such reduction or elimination is appropriate.

(f) Miscellaneous. The designation of a Covered Employee as a Participant for any Performance Period shall not in any manner entitle the Participant to receive a Performance Award for such Performance Period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant for any subsequent Performance Period.

(g) Timing of Award Payments. As a general rule, the Performance Awards granted for a particular Performance Period shall be paid to Participants promptly following the completion of the certifications required by Section 7.4(d) but in no event shall payment be made later than March 15th of the year following the year in which the Performance Award was earned.

(h) Maximum Award Payable. In accordance with Section 6.3, but subject to adjustment as provided in Section 6.2: (i) the maximum Performance Award (other than a Cash Incentive Award) payable to any one Covered Employee during any one calendar year is 800,000 or the equivalent cash value; and (ii) the maximum Performance Award that is a Cash Incentive Award payable to any one Covered Employee during any one calendar year is $5,000,000.

ARTICLE VIII

STOCK OPTIONS

Section 8.1 Grants. Awards may be granted in the form of stock options. Stock options shall be awarded in such numbers and at such times as the Committee shall determine. These stock options may be "incentive stock options" within the meaning of Section 422 of the Code or non-qualified stock options or a combination thereof.

Section 8.2 Terms and Conditions of Stock Options. A stock option shall be exercisable in accordance with such terms and conditions and at such times and during such periods as may be determined by the Committee. The price at which Stock may be purchased upon exercise of a stock option shall be not less than 100% of the Fair Market Value of the Stock, on the date of grant. In addition, the term of a stock option may not exceed 10 years from the date of grant.

Section 8.3 Exercise. Upon exercise, the exercise price of a stock option may be paid in full (a) in cash, (b) by tendering, by either actual delivery of shares or by attestation, shares of previously acquired Stock, (c) by any net issuance arrangement (including any broker assisted "cashless" exercise arrangement), or (d) a combination of the foregoing, or (e) such other consideration as the Committee may deem appropriate. Notwithstanding the foregoing or the provision of any Award Notice, a Participant may not pay the exercise price of a stock option using shares of previously acquired Stock if, in the opinion of counsel to the Company there is a substantial likelihood that the use of such form of payment or the timing of such form of payment would subject the Participant to a substantial risk of liability under Section 16 of the Exchange Act or there is a substantial likelihood that the use of such form of payment would result in adverse accounting treatment to the Company.

Section 8.4 Restrictions Relating to Incentive Stock Options. The following additional rules shall apply to Options that are intended to be "incentive stock options" within the meaning of Section 422 of the Code: (a) incentive stock options shall be granted only to Employees; (b) the aggregate Fair Market Value of the Stock (determined at the time the Option was granted) with respect to which incentive stock options are exercisable for the first time by a Participant during any calendar year shall not exceed $100,000 or such other limit as may be required by Section 422 of the Code (to the extent that incentive stock options are first exercisable in excess of such limitation, the excess shall be considered non-qualified stock options); (c) an incentive stock option may be granted to any individual who, at the date of grant, owns stock possessing more than 10% of the total combined voting power of all classes of Stock of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant; (d) no incentive stock option may be made pursuant to the Plan after the tenth anniversary of the Effective Date, unless the Company's stockholders vote to approve an extension of the Plan; (e) except in the case of Disability, during a Participant's lifetime, an incentive stock option may be exercised only by the Participant; and (f) the maximum aggregate number of shares of Stock which shall be available for grant under the Plan as incentive stock options is the same numeric limit set forth in Section 6.1.

ARTICLE IX

STOCK APPRECIATION RIGHTS

Section 9.1 Grants. Awards may be granted in the form of SARs. SARs shall be awarded in such numbers and at such times as the Committee shall determine. A SAR entitles the Participant to receive, in cash or in shares of Stock, payment equal to (or otherwise based on) the excess of: (i) the Fair Market Value of a specified number of shares of Stock on the date of exercise; over (ii) an exercise price established by the Committee. The "exercise price" for a particular SAR shall be defined in the Award Notice for that SAR but in no event shall the exercise price be less than 100% of the Fair Market Value of the Stock, on the date of grant. A SAR may be granted in tandem with all or a portion of a related stock option ("Tandem SARs"), or may be granted separately ("Freestanding SARs"). A Tandem SAR may be granted either on the date of grant of the related stock option or at any time thereafter during the term of the stock option.

Section 9.2 Terms and Conditions of Tandem SARs. A Tandem SAR shall be exercisable to the extent, and only to the extent, that the related stock option is exercisable, and the "exercise price" of such a SAR shall be the exercise price of the related stock option; provided, however, that at no time shall a Tandem SAR be issued if the exercise price of its related stock option is less than 100% of the Fair Market Value of the Stock on the date of grant. If a related stock option is exercised as to some or all of the shares covered by the Award, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the stock option exercise. Upon exercise of a Tandem SAR as to some or all of the shares covered by the Award, the related stock option shall be canceled automatically to the extent of the number of shares covered by such exercise. Moreover, all Tandem SARs shall expire not later than the expiration date of the related stock options.

Section 9.3 Terms and Conditions of Freestanding SARs. Freestanding SARs shall be exercisable or automatically mature in accordance with such terms and conditions and at such times and during such periods as may be determined by the Committee. The exercise price of a Freestanding SAR shall be not less than 100% of the Fair Market Value of the Stock on the date of grant. Moreover, all Freestanding SARs shall expire not later than 10 years from the date of grant.

Section 9.4 Deemed Exercise. The Committee may provide that a SAR shall be deemed to be exercised at the close of business on the scheduled expiration date of such SAR if at such time the SAR by its terms remains exercisable and, if so exercised, would result in a payment to the holder of such SAR.

Section 9.5 Payment. Unless otherwise provided in an Award Notice, an exercised SAR may be paid in cash, Stock or any combination thereof, as determined by the Committee, in its sole and absolute discretion.

ARTICLE X

STOCK AWARDS

Section 10.1 Grants. Awards may be granted in the form of Stock Awards. Stock Awards shall be awarded in such numbers and at such times as the Committee shall determine. Stock Awards may be granted subject to transfer, performance and other restrictions imposed by the Committee or, in the exercise of its discretion, the Committee may grant Stock Awards free of any vesting restrictions.

Section 10.2 Restrictions; Performance Restrictions. Stock awards may be subject to restrictions on transferability and other restrictions (including, continued employment or service) as may be prescribed by the Committee. For Stock Awards subject to performance restrictions, the Committee shall establish the Performance Criteria, the length of the Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained. The Performance Criteria applicable to any Stock Award shall be based on the Performance Criteria selected by the Committee; provided, however, that the Performance Criteria applicable to any Stock Award granted to a Covered Employee that is designated as a Performance Award pursuant to Article VII shall be limited to the Performance Criteria listed in Article II. The Performance Criteria applicable to any other Stock Award shall include the Performance Criteria listed in Article II and such other factors as may be determined by the Committee.

Section 10.3 Rights as Stockholders. During the period in which any Stock Award is subject to restrictions, the Committee may, in its sole discretion, deny the Participant all or any of the rights of a stockholder with respect to such Stock, including, but not by way of limitation, limiting the right to vote such shares or the right to receive dividends on such shares.

Section 10.4 Evidence of Award. Any Stock Award granted under the Plan may be evidenced in such manner as the Committee deems appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates, with such restrictive legends and/or stop transfer instructions as the Committee deems appropriate.

ARTICLE XI

RESTRICTED STOCK UNIT AWARDS

Section 11.1 Grants. Awards may be granted in the form of Restricted Stock Units. Restricted Stock Units shall be awarded in such numbers and at such times as the Committee shall determine. A Restricted Stock Unit Award grants the Participant the right to receive shares of Stock in the future. Stock will not be issued pursuant to a Restricted Stock Unit Award until the restrictions specified by the Committee lapse.

Section 11.2 Restrictions; Performance Restrictions. Restricted Stock Units shall be subject to restrictions on transferability and other restrictions (including, continued employment or service) as may be prescribed by the Committee. For Restricted Stock Units subject to performance restrictions, the Committee shall establish the Performance Criteria, the length of the Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained. The Performance Criteria applicable to any Restricted Stock Unit Award shall be based on the Performance Criteria selected by the Committee; provided, however, that the Performance Criteria applicable to any Restricted Stock Unit Award granted to a Covered Employee that is designated as a Performance Award pursuant to Article VII shall be limited to the Performance Criteria listed in Article II. The Performance Criteria applicable to any other Restricted Stock Unit Award shall include the Performance Criteria listed in Article II and such other factors as may be determined by the Committee.

Section 11.3 Rights as Stockholders. Until the shares of Stock to be received upon the vesting of a Restricted Stock Unit Award are actually received by a Participant, the Participant shall have no rights as a stockholder with respect to such Stock.

Section 11.4 Payment. As a general rule, payment for any vested Restricted Stock Unit Award shall be paid in a single lump sum payment of Stock promptly following the date on which the Award vests but in no event shall payment be made later than March 15th of the year following the year in which the Restricted Stock Unit Award vests.

ARTICLE XII

PERFORMANCE UNITS

Section 12.1 Grants. Awards may be granted in the form of Performance Units. Performance Units shall be awarded in such numbers and at such times as the Committee shall determine. A Performance Unit Award grants the Participant the right to receive Stock, a cash payment, or a combination of Stock and cash, if the Participant achieves the Performance Goals specified by the Committee during a Performance Period specified by the Committee

Section 12.2 Performance Criteria. Performance Units shall be subject to the attainment during a Performance Period of certain Performance Goals. The attainment of the Performance Goals for a Performance Period will determine the ultimate value of the Performance Unit Award. The length of the Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be determined by the Committee. The Performance Criteria applicable to any Performance Unit shall be based on the Performance Criteria selected by the Committee; provided, however, that the Performance Criteria applicable to any Performance Unit granted to a Covered Employee that is designated as a Performance Award pursuant to Article VII shall be limited to the Performance Criteria listed in Article II. The Performance Criteria applicable to any other Performance Unit shall include the Performance Criteria listed in Article II and such other criteria or factors as may be determined by the Committee.

Section 12.3 Payment. As a general rule, payment for any vested Performance Unit Award shall be paid in a single lump sum payment of Stock, cash, or a combination of Stock and cash, promptly following the date on which the Award vests but in no event shall payment be made later than March 15th of the year following the year in which the Performance Unit Award was earned.

ARTICLE XIII

CASH INCENTIVE AWARDS

Section 13.1 Grants. Awards may be granted in the form of Cash Incentive Awards. Cash Incentive Awards shall be awarded in such amounts and at such times as the Committee shall determine. A Cash Incentive Award grants the Participant the right to receive a cash payment if the Participant achieves the Performance Goals specified by the Committee during a Performance Period specified by the Committee.

Section 13.2 Performance Criteria. Cash Incentive Awards shall be subject to the attainment during a Performance Period of certain Performance Goals. The attainment of the Performance Goals for a Performance Period will determine the ultimate value of the Cash Incentive Award. The length of the Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be determined by the Committee. The Performance Criteria applicable to any Cash Incentive Award shall be based on the Performance Criteria selected by the Committee; provided, however, that the Performance Criteria applicable to any Cash Incentive Award granted to a Covered Employee that is designated as a Performance Award pursuant to Article VII shall be limited to the Performance Criteria listed in Article II. The Performance Criteria applicable to any other Cash Incentive Award shall include the Performance Criteria listed in Article II and such other criteria or factors as may be determined by the Committee.

Section 13.3 Maximum Cash Incentive Awards. The maximum Cash Incentive Award payable to any one Participant during any one calendar year is $5,000,000.

Section 13.4 Payment. As a general rule, the payment for any vested Cash Incentive Award shall be paid promptly following the date on which the Award vests but in no event shall payment be made later than March 15th of the year following the year in which the Cash Incentive Award was earned.

ARTICLE XIV

PAYMENT; WITHHOLDING

Section 14.1 Payment. Absent a Plan or Award Notice provision to the contrary, payment of Awards may, at the discretion of the Committee, be made in cash, Stock, a combination of cash and Stock, or any other form of property as the Committee shall determine. In addition, payment of Awards may include such terms, conditions, restrictions, and/or limitations, if any, as the Committee deems appropriate, including, in the case of Awards paid in the form of Stock, restrictions on transfer and forfeiture provisions; provided, however, such terms, conditions, restrictions, and/or limitations are not inconsistent with the Plan.

Section 14.2 Withholding Taxes. The Company shall be entitled to deduct from any payment under the Plan, regardless of the form of such payment, the minimum amount necessary to satisfy of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the Participant to pay to it the amount of such tax prior to and as a condition of the making of such payment. To the extent permitted by applicable tax, securities, and other laws, the Committee may allow a Participant to satisfy a tax withholding requirement by withholding from any payment of Stock due as a result of such Award, or by permitting the Participant to deliver to the Company previously acquired, shares of Stock having a Fair Market Value equal to the minimum amount of such required withholding obligation. Notwithstanding the foregoing or the provision of any Award Notice, a Participant may not pay the amount of taxes required by law to be withheld using shares of Stock if, in the opinion of counsel to the Company there is a substantial likelihood that the use of such form of payment or the timing of such form of payment would subject the Participant to a substantial risk of liability under Section 16 of the Exchange Act, or there is a substantial likelihood that the use of such form of payment would result in adverse accounting treatment to the Company.

ARTICLE XV

DIVIDEND AND DIVIDEND EQUIVALENTS

In the Award Notice for any Award payable or granted in the form of Stock, the Committee may include as part of such Award the right to receive dividends or dividend equivalents, subject to such terms, conditions, restrictions, and/or limitations, if any, as the Committee may establish. Dividends and dividend equivalents shall be payable in accordance with the related Award Notice, which shall comply with the requirements of Section 409A or an exception thereto. With respect to any Award that vests based on the achievement of Performance Goals, in no event may a dividend or dividend equivalent vest or be paid prior to the vesting of the corresponding Award and shall only be paid to the Participant if and to the extent that the Performance Goals related to the corresponding Award are satisfied.

ARTICLE XVI

MISCELLANEOUS

Section 16.1 Nonassignability. Except as otherwise provided in an Award Notice, no Awards or any other payment under the Plan shall be subject in any manner to alienation, anticipation, sale, transfer, assignment, or pledge (except by will or the laws of descent and distribution or pursuant to a domestic relations order in favor of a spouse that would otherwise qualify as a qualified domestic relations order as defined in the Code or Title I of ERISA but for the fact that the order pertains to an Award), nor shall any Award be payable to or exercisable by anyone other than the Participant to whom it was granted. The Committee shall have the authority to adopt a policy that is applicable to existing Awards, new Awards, or both, which permits a Participant to transfer Awards during his or her lifetime to any Family Member. In the event an Award is transferred as permitted by such policy, such transferred Award may not be subsequently transferred by the transferee (other than another transfer meeting the conditions set forth in the policy) except by will or the laws of descent and distribution. A transferred Award shall continue to be governed by and subject to the terms and limitations of the Plan and relevant Award Notice, and the transferee shall be entitled to the same rights as the Participant, as if the transfer had not taken place. Notwithstanding the foregoing, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death or Disability. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Notice applicable to the Participant, except to the extent the Plan and Award Notice otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is provided to the Company.

Section 16.2 Regulatory Approvals and Listings. Notwithstanding anything contained in this Plan to the contrary, the Company shall have no obligation to issue or deliver certificates of Stock evidencing Awards prior to (a) obtaining any required approval from any governmental agency which the Company shall, in its sole discretion, determine to be necessary or advisable, (b) the admission of such shares to listing on the stock exchange or quotation system on which the Stock may be listed, and (c) the completion of any registration or other qualification of such shares under any state or federal law or ruling of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable.

Section 16.3 No Right to Continued Employment, Service or Grants. Participation in the Plan shall not give any Participant the right to remain in the employ or other service of the Company. The Company reserves the right to terminate the employment or other service of a Participant at any time. Further, the adoption of this Plan shall not be deemed to give any Employee, Director, Consultant or any other individual any right to be selected as a Participant or to be granted an Award. In addition, no Employee, Director, Consultant or any other individual having been selected for an Award, shall have at any time the right to receive any additional Awards.

Section 16.4 Expiration Date; Amendment; Termination. The Plan shall terminate and expire on the tenth anniversary of the Effective Date and no Awards may be granted after the tenth anniversary of the Effective Date; provided, however, the Committee may suspend or terminate the Plan at any time for any reason with or without prior notice. In addition, the Committee may, from time to time for any reason and with or without prior notice, amend the Plan in any manner, provided, however, that without stockholder approval no such amendment shall: (a) reduce the purchase price or exercise price of any outstanding Option or SAR or take any action that would result in a repricing as described in Section 4.3; (b) increase the numeric limits expressed in Sections 6.1, 6.3 or any similar numeric limit in the Plan; (c) grant Options or SARs with an exercise price that is below 100% of the Fair Market Value of one share of Stock on the date of grant; (d) extend the term of any Option or SAR beyond 10 years from the date of grant; (e) expand the types of Awards available for grant under the Plan; or (f) expand the class of individuals eligible to participate in the Plan. Except as other provided in the Plan, no amendment, modification or termination shall in any manner adversely affect any Award previously granted without the consent of the Participant. Such consent is not required if the change (a) is necessary or appropriate to conform the Award to, or otherwise satisfy legal requirements (including, without limitation, the provisions of any stock exchange or quotation system on which the Stock may be listed and Sections 162(m) or 409A of the Code); (b) does not adversely affect in any material way the rights of the Participant; or (c) is made pursuant to an adjustment as provided in Section 6.2. The Committee shall not take any other action that would cause a Performance Award to fail to satisfy the requirements of Section 162(m) of the Code unless the Committee concludes that the deduction limitations will not become applicable or that the amendment is appropriate despite the deduction limitation imposed by Section 162(m) of the Code.

Section 16.5 Effect of Change in Control. If a Change in Control occurs, the Committee shall have the authority and discretion, but shall not have the obligation, to provide, in the Award Notice or thereafter, that all or part of outstanding Options, SARs, and other Awards shall become fully exercisable and all or part of the restrictions on outstanding Awards shall lapse. To the extent that this provision causes incentive stock options to exceed the dollar limitation set forth in Section 8.4, the excess Options shall be deemed to be non-qualified stock options. In addition, upon, or in anticipation of, a Change in Control, the Committee may: (a) cause all outstanding Awards to be canceled and terminated as of a specified date and give each Participant the right to exercise such Awards during a period determined by the Committee; or (b) cause all outstanding Awards to be canceled and terminated as of a specified date in exchange for a payment or right to payment pursuant to the terms and conditions set forth in the Change in Control transaction documents. With respect to an Award which the Company concludes is subject to (and not excepted from) the requirements of Section 409A of the Code, any actions taken by the Board pursuant to this Section 16.5 shall be done in compliance with Section 409A of the Code. Nothing in this Section 16.5 or any other provision of this Plan is intended to provide any Participant with any right to consent to or object to any transaction that might result in a Change in Control and each provision of this Plan shall be interpreted in a manner consistent with this intent. Similarly, nothing in this Section 16.5 or any other provision of this Plan is intended to provide any Participant with any right to consent to or object to any action taken by the Board pursuant to this Section 16.5

Section 16.6 Governing Law. The Plan shall be governed by and construed in accordance with the laws of the State of Delaware, except as superseded by applicable federal law, without giving effect to its conflicts of law provisions.

Section 16.7 No Right, Title, or Interest in Company Assets. No Participant shall have any rights as a stockholder as a result of participation in the Plan until the date of issuance of a stock certificate in his or her name. To the extent any person acquires a right to receive payments from the Company under the Plan, such rights shall be no greater than the rights of an unsecured creditor of the Company and the Participant shall not have any rights in or against any specific assets of the Company.

Section 16.8 No Guarantee of Tax Consequences. No person connected with the Plan in any capacity, including, but not limited to, the Company and its directors, officers, agents, and employees, makes any representation, commitment, or guaranty that any tax treatment, including, but not limited to, federal, state, and local income, estate, and gift tax treatment, will be applicable with respect to the tax treatment of any Award, any amounts deferred under the Plan, or paid to or for the benefit of a Participant under the Plan, or that such tax treatment will apply to or be available to a Participant on account of participation in the Plan.

Section 16.9 Successors. All obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, reincorporation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Section 16.10 Code Section 409A. Some of the types of Awards that may be granted pursuant to the Plan (including, but not necessarily limited to, Restricted Stock Unit Awards, Performance Unit Awards, and Cash Incentive Awards) may be considered to be "non-qualified deferred compensation" subject to the requirements of Section 409A of the Code. If an Award is subject to the requirements of Section 409A of the Code, the Company intends (but cannot and does not guarantee) that the Award Notice and this Plan comply fully with and meet all of the requirements of Section 409A of the Code or an exception thereto and the Award Notice shall include such provisions, in addition to the provisions of this Plan, as may be necessary to assure compliance with Section 409A of the Code or an exception thereto. If, at the time of a Participant's Separation from Service, the Company has any Stock which is publicly traded on an established securities market or otherwise, and if the Participant is considered to be a Specified Employee, to the extent any payment for any Award is subject to the requirements of Section 409A of the Code and is payable upon the Participant's Separation from Service, such payment shall not commence prior to the first business day following the date which is six months after the Participant's Separation from Service (or the date of the Participant's death if earlier than the end of the six month period). Any amounts that would have been distributed during such six month period will be distributed on the day following the expiration of the six month period. Under no circumstances may the time or schedule of any payment for any Award that is subject to the requirements of Section 409A of the Code be accelerated or subject to further deferral except as otherwise permitted or required by Section 409A of the Code. If the Company fails to make any payment pursuant to the payment provisions applicable to an Award that is subject to Section 409A of the Code, either intentionally or unintentionally, within the time period specified in such provisions, but the payment is made within the same calendar year, such payment will be treated as made within the specified time period. In addition, in the event of a dispute with respect to any payment, such payment may be delayed in accordance with Section 409A of the Code.

Section 16.11 Plan Not Exclusive. This Plan is not intended to be the exclusive means by which the Company may issue options, warrants, or other rights to acquire shares of Common Stock.

Section 16.12 Unfunded Plan. This Plan is intended to be an unfunded plan for incentive compensation. Although bookkeeping accounts may be established with respect to Participants under this Plan, any such accounts shall be used merely as a bookkeeping convenience, including bookkeeping accounts established by a third party administrator retained by the Company to administer the Plan. The Company shall not be required to segregate any assets for purposes of this Plan or Awards made hereunder, nor shall the Company, the Board or the Committee be deemed to be a trustee of any benefit to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to an Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Notice, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

Section 16.13 Recovery of Payments. In an Award Notice, the Compensation Committee may include provisions calling for the recapture or clawback of all or any portion of an Award to the extent necessary to comply with Company policy or applicable law in effect on the date of the award notice, including, but not limited to the final rules issued by the SEC and the NYSE pursuant to Section 954 of the Dodd-Frank Act. All Awards are subject to mandatory repayment if the Participant becomes subject to any clawback or recoupment provision under applicable law or Company policy, if such Company policy is adopted.

November 9, 2017

Knight-Swift Transportation Holdings Inc.
20002 North 19th Avenue
Phoenix, Arizona 85027

Re: **Knight-Swift Transportation Holdings Inc.: Restricted Stock Unit (Time Vested) Grant Agreement**

Dear

The Compensation Committee (the "Committee") of the Board of Directors of Knight-Swift Transportation Holdings Inc. (the "Company") has awarded you, as of the date of this letter (the "Grant Date"), a Restricted Stock Unit grant (the "Grant"). The Grant entitles you to receive a maximum of shares of the Company's voting Class A common stock (the "Stock"), par value $0.01 per share (the "Stock Award") to be issued when and as provided by this Restricted Stock Unit Grant Agreement (this "Agreement"). This Grant is made pursuant to the authority of the Company's 2014 Omnibus Incentive Plan (the "Plan"). This Grant is made subject to the terms and conditions of this Agreement and the Plan. In this Agreement, the Company is sometimes referred to as "we" or "us." Terms used in this Agreement that are defined in the Plan have the same meaning as stated in the Plan.

1. Grant of Restricted Stock Units. The Grant is made to you as part of your compensation and is payable to you in accordance with this Agreement, and in the expectation that until such time as this Grant is fully vested, you will continue to perform services for the Company as its director, employee, or consultant. You will receive no fractional shares. Under this Grant you will be issued that number of shares of Stock, not to exceed the total Stock Award, that is determined by the vesting schedule set forth below in Section 2. Stock will be issued to you within 30 days of your Vesting Date. No shares of Stock will be issued to you for any portion of the Stock Award that is not vested. Except as set forth in this Agreement, this Grant may not be settled in cash. In no event will you be issued more shares than your Stock Award, but the number of shares of your Stock Award is subject to automatic adjustment for stock dividends, stock splits, reverse stock splits, reorganizations, or reclassifications, as provided in Section 6.2 of the Plan.

2. Vesting Schedule. Below is the vesting schedule for this Grant. For each vesting year you complete while you are associated with the Company, as an employee, director or consultant, your Stock Award will become vested and non-forfeitable in accordance with the quantities set forth in the following schedule ("Vested Quantity").

You will not accrue any Vested Quantity for any vesting year, unless you are a director of, employed by, or under a consulting contract with the Company as of the Vesting Date, or unless you die, or become disabled, or you retire as described below. You will not be credited with fractional vesting years.

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Your Vested Quantity shall cease to accrue (except as otherwise provided hereby) upon Separation from Service (as defined in the Plan) with the Company, regardless of the cause. Nevertheless, the Stock Award subject to this Grant will become fully vested and non-forfeitable upon your death or disability (as such term is defined in the Plan), or at such time as your Vested Quantity equals the amount of the Stock Award specified in the introductory paragraph. Your Stock Award will also become fully vested and non-forfeitable if you retire with the approval of the Committee. If you experience a Separation of Service from the Company for any reason, the portion of your Stock Award that is not vested, and any related declared and accrued but undistributed Dividend Equivalent (as defined in Section 4, below), will be automatically forfeited.

3. Book Entry Form. The Stock will be issued to you in book entry form (non-certificated). Stock will be treated as issued and outstanding only as it is actually issued. No Stock will be issued to you until you have accrued a Vested Quantity on the respective Vesting Date. Any Stock issued may be subject to other limitations as either the Plan or the law may require.

4. No Voting Rights. You have no voting rights until your Stock is issued to you. A Restricted Stock Unit has no voting rights.

5. Dividend Equivalents. Until Stock is issued to you, you will receive no dividends. However, you will accrue a Dividend Equivalent for the number of shares of Stock that constitutes your Stock Award. For each share of Stock subject to your Stock Award, the Company will accrue on its books, from the Grant Date until paid, an amount equal to the dividends that would have been paid on those shares of Stock, if the Stock had been issued and outstanding from the Grant Date (the "Dividend Equivalent"). As your Stock Award vests, you will be paid by the Company, simultaneously, cash in an amount equal to the Dividend Equivalent you have accrued through the date the Stock is issued to you. Any Dividend Equivalent attributable to any portion of a Stock Award that is forfeited will also be forfeited, when your Stock is forfeited. Your Dividend Equivalent will be paid to you not later than the date your Stock is issued to you. You have no right to elect to defer payment of any Dividend Equivalent.

6. Termination Date of Grant. Subject to the limitations of Section 15, this Grant shall terminate upon the earlier of the date of your Separation from Service or the date your Vested Quantity equals the amount of the Stock Award in the introductory paragraph.

7. Tax Treatment. As the Stock Award vests, you will recognize ordinary income for the value of the Stock issued to you. The value of the Stock is the fair market value, which is based on the closing market price the day the Stock vests. If the day of vesting falls on a weekend or on a holiday, the fair market value will be based on the closing market price of the immediate business day prior to the day of vesting. By accepting the Grant, you accept responsibility for any income tax withholding or other taxes imposed on you by virtue of the issuance of the Grant. The Company has the right to reduce the total number of shares of Stock and the Dividend Equivalent distributed to you by the amount of any federal or state taxes (including, without limitation, FICA, FUTA, and Medicare) the Company is obligated to withhold and pay, and you hereby authorize the Company to reduce the number of shares of Stock and of Dividend Equivalent payable to you by the amount of any federal or state tax the Company is required to withhold and pay.

8. Non-Compete and Non-Solicitation Agreement.

(a) This Grant has been made to you because you have been retained by the Company in a position of trust and confidence and to induce you to continue to contribute to the results of the Company's operations. In consideration for the issuance of this Grant (and the Company's agreement to allow you to become a shareholder of the Company), you agree that you will not directly compete with the Company for six (6) months after your Separation from Service (the "Non-Compete Period"), without first obtaining the Company's prior written consent, which consent the Company may, in its reasonable discretion, withhold. For this purpose, you will be considered to be directly competing with the Company if you are engaged in any of the activities described in clauses (b)(i), (ii) or (iii) below. The consideration for this six (6) month non-compete agreement is the issuance of this Grant.

(b) You will be considered as directly competing with the Company if at any time during the Non-Compete Period you: (i) are employed by, contract with, or obtain an interest as an owner, shareholder, partner, limited partner or member in, any business or corporation that competes directly with the Company (as such direct competition is defined below), but excluding an investment of one percent (1%) or less in any publicly traded company; (ii) on your own behalf, or on behalf of any other person with whom you may be employed, you solicit or divert from the Company the business of any person who is either a customer of the Company during your employment or is identified as a potential customer of the Company; or (iii) solicit, divert or encourage any person who is an employee of the Company to leave employment and to become employed by a person who directly competes with the Company. For purposes of this Section 8, you (x) will be considered to be in direct competition with the Company and (y) a person, business or corporation will be considered a direct competitor of the Company, if either you or it is engaged in a truckload business (dry van, refrigerated, brokerage, drayage, intermodal, logistics, or any combination thereof) that conducts significant operations in the same traffic lanes in which the Company operates, or in which the Company has internally identified as a planned area of operation or expansion of its business as of the date of your Separation from Service.

(c) By accepting this Grant, you agree that the foregoing non-competition provisions are reasonable and that you are being compensated for your agreement not to compete. If you violate this Agreement during the Non-Compete Period, you agree to pay the Company, upon demand, an amount equal to 60% of the value realized by you under this Grant, disregarding the amount of any federal or state taxes you paid (the "Repayment Amount"). Upon paying the Company the Repayment Amount, your obligations to the Company under Section 8(b) shall be deemed to be satisfied. You agree that the Repayment Amount is reasonable and is intended to return to the Company a portion of the compensation paid to you in consideration for your agreement to continue with the Company and not to compete with the Company if you leave, except on the terms of this Agreement, after you have received the Stock Award made here.

(d) The Company shall have the right to extend the Non-Compete Period for up to an additional twelve (12) months beyond the completion of your initial Non-Compete Period (the "Extended Non-Compete Period"). If the Company elects to extend the Non-Compete Period, it will notify you in writing of such fact not later than the thirtieth (30th) day prior to the expiration of the initial Non-Compete Period. By accepting this Grant, you agree to accept and abide by the Company's election. If the Company elects to extend the Non-Compete Period, you agree not to work for any direct competitor of the Company (as defined in Section 8(b)) during the Extended Non-Compete Period, and the Company agrees to pay you, during the Extended Non-Compete Period, an amount equal to your monthly base salary or monthly base consulting fee, as applicable, in effect as of the date of your Separation from Service. Payment for any partial month will be prorated. Payment of your base salary or consulting fee during the Extended Non-Compete Period will be made at the same times and in the same amounts that such amounts were paid to you while you were in the service of the Company. If the Company elects to extend the Non-Compete Period, any monies you earn from any other work, whether as an employee or as an independent contractor, will reduce, dollar for dollar, the amount that the Company is obligated to pay you. Payments made by the Company under this Section 8(d) are made for the extension of the non-compete covenant and do not render you either an employee of, or a consultant to, the Company.

9. Compliance with Securities Laws; Share Restrictions.

(a) So long as you are serving as an employee of the Company, you may not sell any shares of the Stock except in accordance with all applicable federal and state securities laws and the applicable policies of the Company regarding the sale, ownership and retention of the Company's securities by insiders, executives, and employees. The Company has filed a registration statement with the United States Securities and Exchange Commission covering the Grant (and the Stock subject to the Grant) issued pursuant to the Plan. So long as that registration statement is in effect, Stock issued pursuant to the Plan will not be restricted as to transfer. The Company does not provide any assurance that any registration statement will continue to be maintained in effect with respect to the Stock. If for any reason, a registration statement is not in effect with respect to the Stock, the Stock may not be sold or transferred except in compliance with applicable securities laws.

(b) This Grant is subject to any claw-back policy adopted by the Company for incentive-based compensation (the "Clawback Policy"), as required by Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Clawback Policy, as it exists from time to time, is incorporated by reference into this Agreement. If there is any conflict between the provisions of this Agreement and the Clawback Policy, the Clawback Policy shall control.

10. Risks. By accepting this Grant, you acknowledge that the value of the Stock may be adversely affected by changes in the United States' economy; changes in the Company's profitability, financial condition, business or properties; a reduction in the Company's growth rate; competition from other truckload carriers; and other risk factors that are described more particularly in the Company's most recent Annual Report on Form 10-K and in its reports on Forms 10-Q and 8-K. The Company does not promise you that the value of the Stock will rise or that the Company will continue to grow or be profitable.

11. Access to Information. With respect to this Grant, you acknowledge that you have reviewed a copy of the Plan available at http://investor.knight-swiftinc.com, and that the Company has delivered to you, or has provided to you through on-line access, for your examination copies of its reports filed on Forms 8-K, 10-Q and 10-K and any proxy or shareholder information materials filed with the United States Securities and Exchange Commission and available through EDGAR. These materials may also be accessed on the Company's website at http://investor.knight-

swiftinc.com. A copy of these materials will be provided to you if you request them in writing from the Company.

12. Successors. This Agreement is binding on you, your spouse and any successors or assigns.

13. Arbitration of Disputes. We agree that the Federal Arbitration Act shall apply to and govern the arbitration provisions of this Agreement. Any disputes between or among us with respect to the terms of this Agreement or the rights of either of us under this Agreement, shall be subject to the arbitration procedures specified in the Revised Arizona Arbitration Act ("RAAA") but only to the extent not inconsistent with the Federal Arbitration Act. Arbitration will occur in Phoenix, Arizona. Judgment on any arbitration award may be entered in any court having jurisdiction. A single arbitrator shall have the power to render a maximum award of $500,000. If you or we assert a claim in excess of $500,000, the matter may be heard by a single arbitrator, but either of us may request that the arbitration be heard by a panel of three arbitrators and, if so requested, the arbitration decision shall be made by a majority of the three arbitrators. The Company shall pay the costs of arbitration, but if the Company is the prevailing party in the arbitration, the Company shall have the right to recover from you all costs of arbitration. EACH OF THE PARTIES EXPRESSLY AGREES TO ARBITRATION AND WAIVES ANY RIGHT TO TRIAL BY JURY ANY PARTY MAY HAVE. In consideration of this Grant, you agree not to bring any class action or any arbitration class action against the Company. Nothing in this Agreement limits or restricts any self-help remedy, including, without limitation, any right of offset a party may have. The person prevailing in any arbitration is entitled to payment of all legal fees and costs and all costs of arbitration, regardless of whether such costs are recoverable under applicable law. In the event of any conflict between the arbitration procedures specified in this Agreement and the RAAA, this Agreement shall control.

14. WAIVER OF CERTAIN CLAIMS. BY EXECUTING THIS AGREEMENT AND ACCEPTING THIS GRANT, YOU AGREE THAT ANY CLAIM YOU MAY HAVE AGAINST THE COMPANY WITH RESPECT TO THIS GRANT OR THE STOCK SUBJECT TO THE GRANT (OTHER THAN A CLAIM FOR THE CONTRACTUAL BREACH OF THIS AGREEMENT OR THE PLAN, WHICH MAY BE BROUGHT WITHIN ONE YEAR OF THE DATE SUCH BREACH OCCURS) MUST BE ASSERTED NOT LATER THAN ONE YEAR FOLLOWING THE DATE OF THIS GRANT, AND THAT NO CLAIMS (OTHER THAN FOR BREACH OF CONTRACT) MAY BE BROUGHT AFTER THAT PERIOD. YOU VOLUNTARILY AND KNOWINGLY WAIVE ANY LONGER STATUTE OF LIMITATIONS IN CONSIDERATION OF THIS GRANT. IN ADDITION, YOU AND THE COMPANY AGREE THAT ANY CLAIM MADE UNDER THIS AGREEMENT OR THE PLAN, OR ARISING FROM OR IN CONNECTION WITH ANY STOCK GRANTED PURSUANT TO THIS AGREEMENT OR THE PLAN, SHALL BE LIMITED TO ACTUAL ECONOMIC DAMAGES, AND THE RECOVERY OF ATTORNEYS' FEES AND COSTS OF COURT. TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO RESCISSION OR ANY RIGHT TO CLAIM OR RECOVER TREBLE DAMAGES, PUNITIVE DAMAGES, OR EXEMPLARY DAMAGES, WHETHER SUCH RIGHTS ARE GRANTED BY STATUTE OR UNDER COMMON LAW, IS HEREBY WAIVED AND RELEASED. EACH PARTY AGREES AND ACKNOWLEDGES THAT THE WAIVER AND RELEASE OF SUCH RIGHTS IS VOLUNTARY AND KNOWING

AND THAT EACH PARTY HAS RECEIVED, UNDER THIS AGREEMENT, FULL AND ADEQUATE CONSIDERATION FOR SUCH WAIVER.

15. Survival. The provisions of Sections 5, 7, 8, 9, 10, and 12 through 19 shall survive the termination of this Grant and of this Agreement.

16. Rights Non-Transferable. Neither this Agreement nor your rights hereunder are transferable, except by Last Will and Testament, Revocable Trust or Testamentary Trust, or by the law of descent and distribution.

17. Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon you, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Grant. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

18. Construction. It is the intent of the Company and you that the Stock subject to this Grant is to be treated as "nonvested shares" within the meaning of Financial Accounting Standards Board ASC Topic 718, and the Stock is subject to being earned by you only if you continue to provide the Company with your services until this Grant terminates.

19. Governing Law. This Agreement is subject to, and is to be construed in accordance with, the laws of the State of Arizona.

20. Acceptance. You are required by the on-line system to accept or reject the Grant and this Agreement. If you fail to affirmatively accept or reject through the on-line system within five (5) business days after receipt of this Grant, then by continuing to serve as a director of, in employment with, or as a consultant for the Company, you will be deemed to have accepted and agreed to the terms and conditions set forth in this Agreement and deemed to have acknowledged receipt of a copy of the Plan.

Sincerely,

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC., a Delaware Corporation
By: /s/ Adam Miller

Adam Miller
CFO

Exhibit 10.42

THIRD OMNIBUS AMENDMENT AND CONSENT
(SWIFT RECEIVABLES COMPANY II, LLC)

THIS THIRD OMNIBUS AMENDMENT (the *"Amendment"*), dated as of September **[15]**, 2017, is entered into among the Originators party hereto, Knight-Swift Transportation Holdings Inc., as successor by merger with Swift Transportation Company (the *"Performance Guarantor"*), 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"* and, collectively with the foregoing parties, the *"Transaction Parties"*). All capitalized terms used herein and not defined herein shall have the meanings set forth in the hereinafter defined Subject Agreements.

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"*);

WHEREAS, the Seller and the Originators are parties to the Purchase and Sale Agreement, dated as of June 8, 2011 (as amended, supplemented or otherwise modified through the date hereof, the *"Sale Agreement"*);

WHEREAS, the Performance Guarantor executed and delivered to the Administrator a Performance Guaranty dated as of June 8, 2011 (as amended, supplemented or otherwise modified through the date hereof, the *"Performance Guaranty,"* together with the Purchase Agreement and the Sale Agreement, the *"Subject Agreements"*);

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

Section 1. Amendments. Subject to the satisfaction of the conditions precedent set forth in Section 3 below, the Subject Agreements are hereby amended as follows

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1.1. Any and all references to *"Swift Transportation Company"* in the Subject Agreements shall be deemed to be a reference to *"Knight-Swift Transportation Holdings Inc."*

1.2. Each of the following defined terms in Exhibit I of the Purchase Agreement is hereby amended and restated in its entirety and as so amended and restated shall read as follows:

"Days' Sales Outstanding" means, for any Fiscal Month, an amount computed as of the last day of such Fiscal Month equal to: (a) the average of the Outstanding Balance of all Pool Receivables as of the last day of each of the three most recent Fiscal Months ended on the last day of such Fiscal Month divided by (b)(i) the aggregate Credit Sales during the three Fiscal Months ended on the last day of such Fiscal Month divided by (ii) 90; *provided, however,* that for purposes of determining Days' Sales Outstanding solely with respect to any calculation that includes Credit Sales during the Fiscal Months August 2017 and/or September 2017, the Credit Sales during such Fiscal Month shall be multiplied by the percentage set forth opposite such Fiscal Month in the table appearing below:

August 2017	79%
September 2017	136%

"Default Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100 of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of each Fiscal Month by dividing: (a) the aggregate Outstanding Balance of all Pool Receivables that became Defaulted Receivables during such month (other than Receivables that became Defaulted Receivables as a result of an Insolvency Proceeding with respect to the Obligor thereof during such month) by (b) the Credit Sales during the month that is four (4) Fiscal Months before such month; *provided, however,* that for purposes of determining the Default Ratio solely with respect to the Fiscal Months December 2017 and January 2018, the foregoing clause (b) shall be multiplied by the percentage set forth opposite such Fiscal Month in the table appearing below:

December 2017	79%
January 2018	136%

"Dilution Horizon Ratio" means, for any Fiscal Month, the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward) computed as of the last day of such Fiscal Month by dividing: (a) the aggregate Credit Sales during the two most recent Fiscal Months, by (b) the Net Receivables Pool Balance at the last day of such Fiscal Month; *provided, however,* that for purposes of determining the Dilution Horizon Ratio solely with respect to any calculation that includes Credit Sales during the Fiscal Months August 2017 and/or September 2017, the Credit Sales during such Fiscal Months shall be multiplied by the percentage set forth opposite such Fiscal Month in the table appearing below:

August 2017	79%
September 2017	136%

"Dilution Ratio" means the ratio (expressed as a percentage and rounded to the nearest 1/100th of 1%, with 5/1000th of 1% rounded upward), computed as of the last day of each Fiscal Month by dividing: (a) the aggregate amount of payments made or owned by the Seller pursuant to Section 1.4(c)(i) of this Agreement during such Fiscal Month by (b) the aggregate Credit Sales during the Fiscal Month that is one month prior to such Fiscal Month; *provided, however,* that for purposes of determining the Dilution Ratio solely with respect to the Fiscal Months August 2017 to and including October 2017, the foregoing clause (b) shall be multiplied by the percentage set forth opposite such Fiscal Month in the table appearing below:

August 2017	126%
September 2017	56%
October 2017	141%

"Fiscal Month" means each calendar month; provided, however that the Fiscal Month August 2017 means the period beginning August 1, 2017, and ending on September 8, 2017 and the Fiscal Month September 2017 means the period beginning September 9, 2017, and ending on September 30, 2017.

"*Loss Reserve Percentage*" means, on any day, an amount (expressed as a percentage) equal to:

(a) the product of:

(i) 2.25 times the highest three month rolling average of the Default Ratios during the twelve most recent Fiscal Months as of such day;

multiplied by

(ii) (x) if such day occurs during a Weekly Reporting Period, the aggregate Credit Sales during the four most recent Fiscal Months and one quarter of the fifth most recent Fiscal Month, or (y) if such day occurs during a Monthly Reporting Period, the aggregate Credit Sales during the five most recent Fiscal Months; *provided, however* that for purposes of determining the foregoing calculation solely with respect to any calculation that includes the Fiscal Months August 2017 and/or September 2017, the Credit Sales for the Fiscal Month August 2017 shall be multiplied by 79% and the Credit Sales for the Fiscal Month September 2017 shall be multiplied by 136%;

divided by

(b) the Net Receivables Pool Balance as of such date.

Section 2. Conditions Precedent. The effectiveness of this Amendment shall be subject to the satisfaction of the following conditions precedent:

(a) the Administrator shall have received counterparts hereof executed by the Seller, the Servicer, the Majority LC Participants, the Majority Purchaser Agents, the Performance Guarantor and the Administrator;

(b) the Performance Guarantor shall have delivered to the Administrator copies of evidence of merger; and

(c) 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 Performance Guarantor, 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 Performance Guarantor, and each Subject Agreement, as amended by this Amendment, and each of the other Transaction Documents are the legal, valid and binding obligations of the Seller, the Servicer and the Performance Guarantor, enforceable against the Seller, the Servicer and the Performance Guarantor 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, the Servicer or the Performance Guarantor of this Amendment or the performance by the Seller, the Servicer or the Performance Guarantor of any Subject Agreement, as amended by this Amendment, or any other Transaction Document to which they are a party.

Section 4. 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 5. Except as specifically provided above, each Subject 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 each Subject Agreement or any of the other Transaction Documents, nor constitute a waiver or modification of any provision of any of the other Transaction Documents. 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 6. 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 York.

Section 7. *Reaffirmation, Acknowledgement and Consent of Performance Guarantor.* The Performance Guarantor heretofore executed and delivered to the 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"). On the date hereof, the undersigned 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 Purchase Agreement and (ii) 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.

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: /s/ Brad Stewart
Name: Brad Stewart
Title: Assistant Treasurer

SWIFT TRANSPORTATION SERVICES, LLC, as Servicer

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Assistant Treasurer

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC., as successor by merger with Swift Transportation Company

By: /s/ Kevin Knight
Name: Kevin Knight
Title: Executive Chairman

"ORIGINATORS"

SWIFT REFRIGERATED SERVICE, LLC

By:
Name: Brad Stewart
Title: Assistant Treasurer

SWIFT TRANSPORTATION SERVICES, LLC

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Assistant Treasurer

SWIFT LEASING CO., LLC

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Assistant Treasurer

SWIFT INTERMODAL, LLC

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Assistant Treasurer

SWIFT LOGISTICS, LLC

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Treasurer

SWIFT WAREHOUSING, LLC

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Treasurer

SWIFT FREIGHT FORWARDING, LLC

By:/s/ Brad Stewart
Name: Brad Stewart
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION, as Administrator

By: /s/ Michael Brown
Name: Michael Brown
Title:Senior Vice President

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

By: /s/ Michael Brown
Name: Michael Brown
Title:Senior Vice President

PNC BANK, NATIONAL ASSOCIATION, as a Related Committed Purchaser

By: /s/ Michael Brown
Name: Michael Brown
Title:Senior Vice President

PNC BANK, NATIONAL ASSOCIATION, as the LC Bank

By: /s/ Michael Brown
Name: Michael Brown
Title:Senior Vice President

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

By: /s/ Issac Washington
Name: Issac Washington
Title: Vice President

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

By: /s/ Issac Washington
Name: Issac Washington
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a LC Participant

By: /s/ Issac Washington
Name: Issac Washington
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., acting through its New York Branch, as a Related Committed Purchaser and as a LC Participant

By: /s/ Luna Mills
Name: Luna Mills
Title: Managing Director

GOTHAM FUNDING CORPORATION, Conduit Purchaser

By: /s/ David V. DeAngelis
Name: David V. DeAngelis
Title: Vice President

SUBSIDIARIES OF KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

1. Swift Transportation Co., LLC, a Delaware limited liability company
2. Swift Transportation Co. of Arizona, LLC, a Delaware limited liability company
3. Swift Leasing Co., LLC, a Delaware limited liability company
4. Sparks Finance, LLC, a Delaware limited liability company
5. Interstate Equipment Leasing, LLC, a Delaware limited liability company
6. Common Market Equipment, LLC, a Delaware limited liability company
7. Swift Transportation Co. of Virginia, LLC, a Delaware limited liability company
8. Swift Transportation Services, LLC, a Delaware limited liability company
9. M.S. Carriers, LLC, a Delaware limited liability company
10. Swift Logistics, S.A. de C.V., a Mexican corporation
11. Trans-Mex, Inc., S.A. de C.V., a Mexican corporation
12. Mohave Transportation Insurance Co., Inc., an Arizona corporation
13. Swift Intermodal, LLC, a Delaware limited liability company
14. Swift International S.A. de C.V. Inc., a Mexican corporation
15. Estrella Distributing, LLC, a Delaware limited liability company
16. TMX Administración, S.A. de C.V. Inc., a Mexican corporation
17. Swift Receivables Company II, LLC, a Delaware limited liability company
18. Red Rock Risk Retention Group, Inc., an Arizona corporation
19. Swift Academy LLC, a Delaware limited liability company
20. Swift Services Holdings, Inc., a Delaware corporation
21. Swift Logistics, LLC, a Delaware limited liability company
22. Central Refrigerated Transportation, LLC, a Delaware limited liability company
23. Swift Refrigerated Service, LLC, a Delaware limited liability company
24. Central Leasing, LLC, a Delaware limited liability company
25. Swift Transportation Canada Inc., a Canada corporation
26. Swift Warehousing, LLC, a Delaware limited liability company
27. Swift Freight Forwarding, LLC, a Delaware limited liability company
28. Knight Refrigerated, LLC, an Arizona limited liability company
29. Knight Logistics LLC, an Arizona limited liability company
30. Knight Transportation Services, Inc., an Arizona corporation
31. Knight Truck & Trailer Sales, LLC, an Arizona limited liability company
32. Quad K, LLC, an Arizona limited liability company
33. Knight Management Services, Inc., an Arizona corporation
34. Squire Transportation, LLC, an Arizona limited liability company
35. Knight Capital Growth, LLC, an Arizona limited liability company
36. Knight Port Services, LLC, an Arizona limited liability company
37. Kold Trans LLC, an Arizona limited liability company
38. Barr-Nunn Transportation, Inc., an Iowa corporation
39. Barr-Nunn Logistics, Inc., an Iowa corporation
40. Sturgeon Equipment, Inc., an Iowa corporation
41. Knight Transportation, Inc., an Arizona corporation (Knight's former parent)
42. Knight Air LLC, an Arizona limited liability company
43. Knight 101 LLC, an Arizona limited liability company
44. Strehl, LLC, an Arizona limited liability company

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated March 1, 2018, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Knight-Swift Transportation Holdings Inc. on Form 10-K for the year ended December 31, 2017. We consent to the incorporation by reference of said reports in the Registration Statements of Knight-Swift Transportation Holdings Inc. on Forms S-8 (File Nos. 333-220439, effective September 13, 2017; 333-196184, effective May 22, 2014; 333-171796, effective January 21, 2011) and Form S-4 (File No. 333-218196, effective May 24, 2017, as amended).

/s/ GRANT THORNTON LLP

Phoenix, Arizona
March 1, 2018

Exhibit 31.1

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

I, David A. Jackson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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(s) 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;

(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(s) 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: March 1, 2018

/s/ David A. Jackson

David A. Jackson
Chief Executive Officer

Exhibit 31.2

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

I, Adam W Miller, certify that:

1. I have reviewed this Annual Report on Form 10-K 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(s) 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;

(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(s) 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: March 1, 2018

/s/ Adam W. Miller

Adam W. Miller

Chief Financial Officer

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 Annual Report on Form 10-K of Knight-Swift Transportation Holdings Inc. (the "Company") for the year ending December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, the undersigned, certify, to the best of our knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.,

a Delaware corporation

By: *\/s/ David A. Jackson*

David A Jackson
President and Chief Executive Officer

March 1, 2018

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 Annual Report on Form 10-K of Knight-Swift Transportation Holdings Inc. (the “Company”) for the year ending December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, the undersigned, certify, to the best of our knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.,

a Delaware corporation

By: */s/ Adam W. Miller*

Adam W. Miller
Chief Financial Officer

March 1, 2018

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.