

PERSONNEL POLICY MANUAL

FORWARD AIR CORPORATION

THIS PERSONNEL POLICY MANUAL SUMMARIZES THE POLICIES AND PRACTICES OF FORWARD AIR CORPORATION AND ITS SUBSIDIARIES. IT IS NOT INTENDED TO COVER EVERYTHING, NOR IS IT A CONTRACT OF EMPLOYMENT. FROM TIME TO TIME CHANGES MAY BE NEEDED, AND FORWARD AIR RESERVES THE RIGHT TO MAKE SUCH CHANGES, WITH OR WITHOUT NOTICE TO EMPLOYEES.

Effective January 1, 2009

FORWARD AIR CORPORATION
PERSONNEL POLICY MANUAL

PREFACE

I.

The Forward Air Corporation Personnel Policy Manual (“Policy Manual”) has been developed to provide easy reference to employment-related policies of Forward Air Corporation (“Forward Air”) and each of its operating subsidiaries (Forward Air and each of its operating subsidiaries are referred to herein collectively and individually as “the Company”). The Company reserves the sole right to change or modify any or all provisions of this Policy Manual at any time without prior notice to its employees.

II.

This Policy Manual is not intended to be an express or implied employment contract -- the employment relationship between the Company and its employees is voluntary on the part of both and either may terminate that relationship at will. Any modification to an employee’s status as an employee at will can only be made in writing by the Company’s President and/or General Counsel. This Policy Manual is intended to provide administrative guidelines as to the Company’s general application of its personnel policies and procedures.

III.

This Policy Manual is a management tool and is not intended as a substitute for prudent common sense. The Company retains the right to exercise all the rights, privileges, and functions of management.

IV.

This Policy Manual is the property of the Company and is therefore considered confidential and proprietary information. No portion of this Policy Manual is to be made available to nonemployees without the written approval of the Company’s General Counsel. It must be surrendered in the event its custodian terminates his or her employment with the Company. The contents of this Policy Manual are not to be reproduced in any form.

TABLE OF CONTENTS

SUBJECT	PAGE
I. EMPLOYMENT POLICIES	1
EQUAL EMPLOYMENT OPPORTUNITY	2
SEXUAL HARASSMENT & OTHER HARASSMENT	4
EMPLOYEES WITH DISABILITIES	8
PERSONNEL FILES	9
HIRING OF RELATIVES	11
IMMIGRATION REFORM AND CONTROL ACT	13
BULLETIN BOARDS	14
SOLICITATION AND DISTRIBUTION OF LITERATURE	16
OUTSIDE EMPLOYMENT (MOONLIGHTING)	17
PERSONAL APPEARANCE/GROOMING/DRESS CODE	18
RESTRICTED OR LIMITED DUTY	20
II. EMPLOYEE RELATIONS AND CONDUCT	21
CODE OF BUSINESS CONDUCT AND ETHICS	22
CONFIDENTIAL INFORMATION	36
E-MAIL AND ELECTRONIC COMMUNICATION POLICY	38
OPEN-DOOR COMMUNICATIONS	40
RULES OF CONDUCT	42
CORRECTIVE DISCIPLINARY ACTION & DISMISSAL	46
III. COMPENSATION AND BENEFITS	47
COMPANY BENEFITS GUIDE	48
EMPLOYMENT CLASSIFICATIONS	49
OVERTIME	52
HOLIDAYS	54
MEAL PERIOD	57
REST BREAKS	59
BUSINESS EXPENSE REIMBURSEMENT POLICY AND PROCEDURE	61
IV. ATTENDANCE AND LEAVES OF ABSENCE	64
ATTENDANCE	65
BEREAVEMENT LEAVE	69
JURY DUTY/COURT SERVICE	71
LEAVES OF ABSENCE	72
VACATION AND DISCRETIONARY TIME	94
V. SAFETY AND HEALTH	97
ACCIDENTS AND INJURIES	98
LOSS CONTROL/SAFETY PROGRAM	100
FIREARMS/WEAPONS	107
POSSESSION, USE, AND TESTING FOR DRUGS AND ALCOHOL	108
SMOKING POLICY	129
WORKPLACE VIOLENCE	130
VI. EMPLOYMENT SEPARATION	131
TERMINATION OF EMPLOYMENT	132

REDUCTION-IN-FORCE	136
REHIRE	139
APPENDIX A - CALIFORNIA	141
CALIFORNIA FAMILY RIGHTS ACT OF 1993.....	141
APPENDIX B - TENNESSEE	144
JURY DUTY	144
SAFEGUARDING PERSONNEL RECORDS	145
TENNESSEE MATERNITY LEAVE ACT.....	146
ACKNOWLEDGMENT AND RECEIPT (FORWARD AIR CORPORATION'S COPY)	148
ACKNOWLEDGMENT AND RECEIPT (EMPLOYEE'S COPY)	149

I. EMPLOYMENT POLICIES

FORWARD AIR CORPORATION

Subject: EQUAL EMPLOYMENT OPPORTUNITY

I. POLICY

- A. The policy at the Company is, has been, and continues to be one of Equal Employment Opportunity. No person will be discriminated against because of race, color, religion, national origin, sex, age (40 and over), disability, veteran or other status protected under applicable state or federal law.
- B. This policy will be followed in order to ensure Equal Employment Opportunity in all aspects of the Company's employment practices including, but not limited to: recruitment, selection, hiring, training, placement, promotion, transfer, demotion, pay, working conditions, and termination of employment.
- C. It is the responsibility of management, at every level, to carry out this policy and to take all necessary steps to effectively ensure that all employees and applicants for employment are made aware of this Equal Employment Opportunity policy. Management and all those responsible for any aspect of an applicant or employee's status are instructed to comply whole-heartedly with the spirit and intent of this Equal Employment Opportunity policy.
- D. All EEO and employment-related posters required by federal, state or local law will remain clearly displayed on appropriate bulletin boards accessible to all employees and applicants for employment.
- E. All questions about the content, interpretation or application of the foregoing are to be directed to the Company's Legal Department.
- F. Any employee who feels that he or she has been the victim of unlawful harassment or discrimination should immediately report the matter to either his or her supervisor; OR if an employee believes it would be inappropriate to discuss the matter with his or her supervisor or the employee does not wish to discuss the matter with the employee's supervisor, he or she should report it directly to the Company's Legal Department at 800-733-7239, ext. 7007. An employee's complaint will be kept confidential to the extent allowed by the investigatory process. It is important that Employees report such matters through one of the many available channels. Employees can speak with their direct manager or supervisor, or use the Open Door Communications Policy to talk to someone else in management, including someone in the Company's

Legal Department. Any of these people may have the information needed, or will be able to refer the question to another appropriate source.

Another communication channel to assist employees is the Forward Air National Hotline. An employee can contact the Forward Air National Hotline when he or she has a concern or wants to report a potential violation of this policy. Employees may use whatever method of communication with which they feel most comfortable. The important thing is to get the needed guidance, to report what is known, and to get questions answered.

The Forward Air National Hotline, which is answered by an outside vendor, is available to all employees, 24 hours a day, 7 days a week. Interpreters are available for language assistance. The Forward Air National Hotline can be reached toll-free at 1-800-688-3085.

FORWARD AIR CORPORATION

Subject: SEXUAL HARASSMENT & OTHER HARASSMENT

I. POLICY

It is the longstanding policy of the Company to maintain a working environment free of any form of harassment related to an individual's race, color, sex, religion, national origin, age, veteran status, disability, or other status protected under applicable state or federal law. Accordingly, the Company will not tolerate any conduct that violates this policy. We will take steps to necessary to prevent any form of harassment from occurring, and we are prepared to take steps necessary to enforce this policy.

Any employee who feels that he or she has been subjected to any kind of harassment should immediately report the alleged incident to his or her supervisor, the Company's Legal Department, or the Forward Air National Hotline as explained in more detail below. The personal behavior of all of the Company's employees should always be above reproach. Employees must use mature judgment and maintain the highest standards of performance and personal conduct at all times.

To the extent reasonably possible, employee confidentiality will be respected in such matters.

II. EXAMPLES OF HARASSING CONDUCT

Some examples of prohibited conduct under this Policy are set forth below:

- A. Displaying or sharing offensive graphic material or writings;
- B. All types of sexual harassment, including without limitation, unwelcomed or unwanted conversations, suggestions, requests, demands, physical contacts or attentions;
- C. Verbal abuse, sexual or racial slurs, joking or "kidding" that is considered unacceptable and offensive to another person;
- D. Any conduct that discriminates against or demeans a person because of his or her race, color, sex, religion, age, national origin, veteran status, disability, or other protected category;
- E. Threatening or profane language towards others;
- F. Fighting, assaulting or injuring another person;

- G. Pranks, practical jokes or other conduct considered disorderly by the Company; or
- H. Conduct that creates a working environment that is intimidating, hostile or offensive or adversely affects an employee's work performance because of unwelcomed or unwanted conversations, suggestions, requests, demands, physical contacts or attentions.

If you have any question about what constitutes conduct that is prohibited by this policy, please ask your supervisor or contact the Company's Legal Department.

III. SEXUAL HARASSMENT

- A. As stated above, the Company specifically prohibits discrimination and harassment on the basis of an individual's race, color, sex, religion, national origin, age, veteran status, disability, or other status protected under applicable state or federal law. This section of the Company's policy prohibiting harassment explains in more detail the prohibition against sexual harassment and the Company's commitment to provide employees a work environment free of sexual harassment.
- B. Sexual harassment may be defined as:
 - 1. Unwelcomed or unwanted sexual advances considered unacceptable by another individual;
 - 2. Unwelcome touching or other physical contact;
 - 3. Requests or demands for sexual favors. This includes subtle or blatant expectations, pressures or requests for any type of sexual favor accompanied by an implied or stated promise of preferential treatment or negative consequence concerning one's employment status;
 - 4. Verbal abuse, sexual slurs, joking or "kidding" that is sexually-oriented and considered unacceptable and offensive to another individual. Sexual harassment may include conduct that expresses a romantic or sexual interest in another person, but it may also include conduct that is simply demeaning or derogatory because of a person's sex. Similarly, other forms of illegal harassment may include conduct that discriminates against or demeans a person because of his or her race, color, religion, age, national origin, disability, or other protected category;

5. Engaging in any type of sexually-oriented conduct that would unreasonably interfere with another's work performance. This includes extending unwanted sexual attentions to someone that reduces their work productivity or time available to work at assigned tasks;
 6. Creating a working environment that is intimidating, hostile or offensive because of unwelcome or unwanted sexually-oriented conversations, suggestions, requests, demands, physical contacts or attentions, or the display of obscene or sexually oriented photographs, drawings or other related materials.
 7. Sexual harassment may include conduct between members of the same sex, or conduct by women directed toward men, or conduct by men directed toward women.
 8. Harassment may include conduct outside the workplace and outside working hours, as well as on the work site.
 9. Harassment may include the conduct of a supervisor toward a subordinate, an employee toward another employee, a non-employee toward an employee, or an employee toward an applicant for employment.
- C. Normal, courteous, mutually respectful, pleasant, noncoercive interactions between men and women that are acceptable to both parties are not considered to be sexual harassment. Put more simply, treat other people with respect. Recognize that people come from different backgrounds and have different perceptions about what is, and what is not, funny or appropriate for work. When in doubt, err on the side of caution.
- D. This policy also prohibits inappropriate sexual behavior on the Company's premises or vehicles by consenting individuals. This is any behavior that is considered disruptive or offensive to the working environment, customer, visitor, or any other third party. Any interpersonal behavior that conveys or connotes a less than positive professional or businesslike image is inappropriate.

IV. RETALIATION PROHIBITED

Just as the Company prohibits illegal harassment and discrimination, it also prohibits any form of retaliation against an employee for filing a bona fide complaint under this policy or for assisting in a complaint investigation. Retaliation includes any adverse employment action against an employee because the employee has complained about or resisted harassment, discrimination, or retaliation, or has cooperated in an investigation. Refusal to

cooperate in an investigation of harassment/discrimination or retaliation is also against the rules of the Company.

V. APPLICATION

This policy applies to all employees, supervisors, and managers, as well as vendors, sales/service representatives, and all others doing business on the Company's premises.

VI. COMPLAINT PROCEDURE/REMEDIAL ACTION

- A. If an employee experiences any job-related harassment based on his or her sex, race, color, religion, national origin, age, disability or any other prohibited factor, or believes that he/she has been treated in an unlawful, discriminatory manner, he or she should promptly report the incident to his or her supervisor; OR if an employee believes it would be inappropriate to discuss the matter with his or her supervisor or the employee does not wish to discuss the matter with the employee's supervisor, he or she should report it directly to the Legal Department at 800-733-7239, ext. 7007; OR to the Forward Air National Hotline at 1-800-688-3085. An employee's complaint will be kept confidential to the extent allowed by the investigatory process.
- B. All supervisors and managers are expected to be alert to the possible presence of sexual harassment in the workplace, to take appropriate measures to prevent incidents from occurring and to institute prompt remedial action in the event incidents actually occur. Moreover, supervisors and managers should report all allegations of sexual harassment to the Company's Legal Department.
- C. Remedial action may range from the issuance of a verbal warning to more stringent measures up to and including immediate dismissal.
- D. The seriousness with which each particular incident is perceived will be evaluated on a case-by-case basis and will take into consideration the relative organizational "power" relationship between the persons involved and the possible presence of coercion or intimidation.
- E. Given the nature of this type of alleged behavior, the Company recognizes that false accusations can have serious adverse effects on innocent men and women. Accordingly, management will treat all alleged problems in a serious, confidential, and professional manner.
- F. Any employee who engages in sexual harassment or anyone who knowingly makes false allegations is subject to appropriate disciplinary action up to and including dismissal.

FORWARD AIR CORPORATION

Subject: EMPLOYEES WITH DISABILITIES

I. POLICY

It is the desire and intent of management to comply with the provisions of the Americans with Disabilities Act (ADA) of 1990 and the ADA Amendments Act of 2008, which prohibit discriminatory employment practices against individuals with disabilities. We will make a good faith effort to provide reasonable accommodation to an otherwise qualified candidate who applies for a position or employee who is able to perform the essential functions of his or her job, either with or without reasonable accommodation. Employees should notify the Legal Department if an accommodation is needed due to a disability.

FORWARD AIR CORPORATION

Subject: PERSONNEL FILES

I. POLICY

A complete, confidential and up-to-date personnel file is maintained on every Company employee by the Company's Payroll Department. These files are the sole property of the Company, and as such, only limited access will be permitted as outlined below.

II. PROCEDURES/INSTRUCTIONS

- A. An employee may inspect the personnel file being maintained under his or her name by following the procedures described in this policy.
- B. These files contain privileged information. Therefore, access to personnel files is limited to supervisors and managers who have a legitimate right and need to know the specifically requested information about a particular employee. The manager of the Payroll Department is the designated custodian of all personnel files and, as such, will control access to them.
- C. Upon written request to the Payroll Manager, employees may have access to all parts of their own file except for employment reference checks, credit checks, and interview/selection evaluations completed during the hiring process. Access shall be granted during regular business hours at a mutually convenient time and place. An employee may inspect his or her personnel file only in the presence of a supervisor or a Terminal or Department Manager.
- D. An employee who may question the accuracy or completeness of the information in the personnel file should discuss the concerns with the employee's supervisor. If the supervisor determines that the disputed information should remain in the file, the employee may submit a brief written statement addressing the alleged errors or inaccuracies.
- E. Employees will not be given copies of personnel file contents without the approval of the Company's Legal Department.
- F. Other than routine access to personnel files by the authorized custodial representative, all file access should be recorded.
- G. Personnel files may not be removed from the Company's premises. Any rare exception to this must have the written approval of the Company's Payroll Manager or the Company's Legal Department.

- H. Apart from routine compliance reviews from state or federal agencies, personnel files or portions of files will not be released without a valid subpoena. Furthermore, agency representatives must provide proper identification and present a bona fide reason for file access.

FORWARD AIR CORPORATION

Subject: HIRING OF RELATIVES

I. POLICY

The Company will consider hiring employees' relatives only under certain conditions as set forth below.

II. PROCEDURE/INSTRUCTIONS

- A. The Company may hire a relative of a current employee provided that the prospective employee possesses at least the minimum qualifications and is the best candidate for the position available. However, relatives will not be placed in a situation that would require one relative to supervise, review, or process the work of the other (directly or indirectly), or work in the same department as the other relative, or in any way create the potential for a conflict of interest, either real or perceived, without the approval of the applicable Regional Vice President or Department Manager and the Legal Department. In addition, a relative will not be permitted to have access to the personnel records of another relative without the approval of the Company's Legal Department.

- B. Upon seeking employment with the Company, job applicants will be fully informed of this policy and it will be their primary responsibility to disclose their relationship to any current employees. Therefore, if an applicant falsifies or simply omits information concerning the relationship to a current employee, and that fact later becomes known, then the employee who was hired last will be subject to immediate dismissal. The more senior (incumbent) employee may also be subject to appropriate disciplinary action.

- C. For the purposes of this policy, a relative is defined as the current employee's: Husband/Wife, Father/Mother, Son/Daughter, Brother/Sister, Mother/Father-in-Law, Brother/Sister-In-Law, Uncle/Aunt, Nephew/Niece, or any other person living in the same household as the employee.

- E. If two employees subsequently marry or otherwise become related as described above, both may retain their positions if the new relationship does not violate this policy. If there is a conflict, the least senior employee will be asked to accept another position or transfer if a vacancy exists for which the employee is qualified. Otherwise, the least senior employee's employment will be terminated.

- F. Employees must immediately inform the Company's Legal Department that they become a relative to another employee of the Company. Failure to make such a disclosure will subject both employees to disciplinary action, up to and including dismissal.

FORWARD AIR CORPORATION

Subject: IMMIGRATION REFORM AND CONTROL ACT

The Immigration Reform and Control Act of 1986 requires that all employees hired by the Company provide documentation establishing that they have a legal right to work in the United States. In compliance with this Act, all job offers extended to successful applicants are made contingent upon the receipt of the required documentation and completion of INS Form I-9. Only those successful applicants who complete Form I-9 will be permitted to begin work. New employees must provide the required documentation within three (3) business days of the date of hire.

FORWARD AIR CORPORATION

Subject: BULLETIN BOARDS

I. POLICY

Bulletin boards are maintained and located in certain designated areas easily accessible to the Company employees. These bulletin boards are for the purpose of posting notices required by various laws and for official communications from the Company to its employees.

II. PROCEDURES/INSTRUCTIONS

A. Materials Authorized for Posting

1. All official communications e.g., notices, memos, letters, bulletins, relating to the Company business and originated by the Company must be approved for posting by the Terminal Manager, and in the case of the Company's corporate offices, the Company's Legal Department. In addition, notices required by law will be posted.
2. Bulletin boards, postings, public displays, or exhibits located in public areas of the Company must be approved by the Terminal Manager.
3. Departmental bulletin boards or other designated posting areas may be provided and will be under the direct supervision of the appropriate Department Manager.
4. Only designated Company officials have the authority to post and remove bulletin board materials in their areas of responsibility.
5. In no instance will notices be posted which are:
 - a. Solicitations to sell goods or services originating with outside vendors, companies or other organizations;
 - b. Related to political organizations or any other outside organization; or
 - c. Any other type or for any other purpose than those described above.

B. Bulletin Board Location

1. Bulletin boards will be located in areas easily accessible to all employees.
2. Bulletin board locations will be selected and approved by the appropriate Company official.

C. Other

1. Notices of special concern to departments will be sent to Department Heads and Supervisors through regular memo distribution.
2. Notices of special concern to all employees may also be distributed with pay checks or by other means.

FORWARD AIR CORPORATION

Subject: SOLICITATION AND DISTRIBUTION OF LITERATURE

I. POLICY

To avoid disrupting or interfering with our customers, visitors, and fellow employees, the Company has established the following solicitation and distribution policy.

- A. During their working time, employees are not permitted to sell, distribute literature or other matter, make collections or engage in any kind of solicitation. Employees are not to engage in such activities in work areas or customer service areas at any time, or in any way, interfere with other employees who are working.
- B. Individuals not employed by the Company are not permitted to make solicitations or distributions on Company property at any time.

C. OTHER

- 1. Any coercion, harassment or intimidation of employees by anyone regarding these matters will not be tolerated.
- 2. Any employee aware of these prohibited activities should report them immediately to his or her immediate supervisor or Terminal Manager or the Company's Legal Department.
- 3. Violation of this policy will subject employees to appropriate disciplinary action, including dismissal.

FORWARD AIR CORPORATION

Subject: OUTSIDE EMPLOYMENT (MOONLIGHTING)

I. POLICY

Regular attendance and efficient job performance are often affected by outside employment. Therefore, employees may not hold outside employment that: encroaches on the time or attention which should be devoted to job duties and responsibilities at the Company; adversely affects the quality of the employee's job performance; implies sponsorship or support by the Company of the outside employment; or adversely affects the good name and reputation of the Company.

II. PROCEDURES/INSTRUCTIONS

- A. Definition: "Moonlighting" or outside employment is that situation when an employee holds a position with another employer or operates another business for the purpose of supplementing wages earned from the Company.
- B. Proper Attention to Duties: No Company worktime is to be devoted to the outside employment such as telephone conversations, personal discussions, or any other activity in the furtherance of the outside employment.
- C. Outside Employment by Full-Time Employees: The Company does not encourage full-time employees to hold outside jobs. However, outside employment is permitted on a limited basis as specified herein. Employees who do so must meet the performance standards established for their jobs at the Company and must regard their employment with the Company as their primary job responsibility. If an outside job interferes with an employee's attendance and full and effective performance, the employee will be asked to discontinue the outside employment or, failing that, be subject to disciplinary action, including dismissal.
- D. Outside Employment by Part-Time Employees: Part-time employees who may hold outside employment are expected to be at work at the Company regularly and promptly as scheduled and to work necessary overtime as requested. If a part-time employee's outside employment interferes with the full and effective performance of duties as required at the Company, the employee will be counseled concerning the need for improved performance and, failing immediate and sustained improvement, will be subject to appropriate disciplinary action, including dismissal.

FORWARD AIR CORPORATION

Subject: PERSONAL APPEARANCE/GROOMING/DRESS CODE

I. POLICY

Most, if not all, employees have some contact with the general public and customers and represent the Company in their appearance as well as by their actions. The clean and properly attired employee helps create a professional image for the Company and an employee's appearance, dress and grooming must be appropriate to the work situation at all times. Accordingly, personal grooming and appearance of employees will be governed by the general standards listed below. The Company expects all of its employees to present a clean and professional appearance.

II. PROCEDURES/INSTRUCTIONS

A. Personal Appearance/Grooming

1. Personal appearance and good grooming are of paramount importance and begin with personal cleanliness. They should not be neglected.
2. Hair must be kept clean, combed, and neatly trimmed or arranged. Shaggy, unkempt hair is not permissible. Certain employees may be required to secure their hair with hair nets or covers for safety considerations.
3. Sideburns, moustaches, and beards are to be neatly trimmed. Styles of facial hair determined to be eccentric by the Company will not be permitted.
4. Fingernails should be kept at a moderate length and neatly manicured at all times. Nail polish should blend with color schemes and be kept in repair.
5. Employees are urged to exercise conservative judgment and consider safety precautions when wearing jewelry while working, especially dangling earrings, long necklaces, excessive rings, etc. Costume jewelry should never be worn with any type of uniform.

B. Dress Code

1. Clothing should fit properly and be freshly laundered and clean at all times. See-through or revealing attire is not permitted.

2. All shoes should provide secure footing.
3. Employees who choose to wear pins, badges, or other insignia on their clothes must ensure that they are in good taste e.g., service award pins or professional designation pins. The Company reserves the right to determine what is "tasteful" or otherwise acceptable.
4. In addition to the dress code requirements included above, individual Company terminals may develop additional dress code requirements that are not inconsistent with this policy.

C. Other

1. While it is impractical to set forth more detailed guidelines, the primary criteria for proper apparel is that it be neat, clean and business-like.
2. If an employee reports to work improperly dressed or groomed, the supervisor is to instruct the employee to return home or to take other appropriate corrective action. The non-exempt employee is not to be compensated during such time away from work, and repeated violations of this policy are subject to appropriate disciplinary action, including dismissal.

FORWARD AIR CORPORATION

Subject: RESTRICTED OR LIMITED DUTY

I. POLICY

Restricted or light duty work may be temporarily provided where the Company deems it practical and feasible. It will normally be limited to employees who have experienced a personal work-related injury or illness and are not recovered to the point of returning to full duty status, but who are expected to reach such status within a short period of time. Such restricted work activity may be offered with the written approval of a licensed practicing physician and will not ordinarily exceed thirty (30) calendar days in duration.

The purpose of the restricted duty program is to provide employees with an opportunity to work while they are recovering and facilitate their reentering the work force at full duty status. There are no permanent full time restricted or light duty jobs provided by the Company.

Nothing herein shall be construed as requiring the Company to provide limited or restricted duty to any employee in any particular case.

II. PROCEDURES/INSTRUCTIONS

A. Exceptions to the 30-day limitation rule may be granted under certain conditions determined by management to merit consideration. Such conditions include:

1. The nature of the injury or illness;
2. The estimated length of the work restrictions;
3. The degree to which progressive rehabilitation has occurred; and
4. Any other factor the Company deems appropriate.

B. Cooperation of the individual in determining fitness for duty, ability to perform certain tasks, or medical status is absolutely essential and expected. Failure to cooperate may result in corrective action, up to and including dismissal.

C. No exception to this policy will be made without the approval of the Vice President of Safety and/or the Company's Legal Department.

II. EMPLOYEE RELATIONS AND CONDUCT

FORWARD AIR CORPORATION

Subject: CODE OF BUSINESS CONDUCT AND ETHICS

I. GENERAL POLICY

- A. This Code of Business Conduct and Ethics (the “Code”) embodies the commitment of Forward Air Corporation and each of its subsidiaries (collectively referred to herein as “Forward Air” or the “Company”) to conduct its business in accordance with all applicable laws, rules and regulations and with high ethical, moral, and legal standards, efficiently, in good faith, with due care, and in the best interests of the Company, its employees and its owners. All employees, officers and directors have a primary duty to act at all times to uphold these standards and to act with honesty, integrity, fairness, accountability, respect in dealing with the Company’s employees, customers, suppliers and investors and the general public and without actual or apparent conflict of interest.
- B. This Code applies to all employees, officers and directors and serves as a guide in assessing and addressing legal and ethical obligations. The Code is not intended to be exhaustive and cannot address every possible situation that may arise. Accordingly, in addition to this Code, the Company maintains policy and procedure documents, and handbooks, that address specific subjects and situations. This Code covers some of the more important policies that govern the conduct of employees, officers and directors. In addition to the provisions set forth in this Code, our directors are subject to fiduciary duties under the laws of the State of Tennessee, our state of incorporation. Our Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and other members of senior financial management are subject to specific provisions mandated by rules of the Securities and Exchange Commission (the “SEC”), as set forth in Section XX of this Code.
- C. All employees (which term, as used in this Code, includes all officers, unless the context requires otherwise) are expected to conduct themselves in the performance of their jobs in a manner consistent with high ethical, moral, and legal standards. Compliance with the Code is the responsibility of each employee of the Company and is, in fact, a condition of employment. Violations of the Code may subject the violator to disciplinary action, including where appropriate termination of employment. Violations of certain parts of the Code may also subject the individual employee and the Company to civil and/or criminal liability.
- D. If an employee is in doubt about any situation, advice should be sought. It is the responsibility of all employees to regularly review their knowledge

and understanding of the Code and to uphold these standards in their daily business conduct.

- E. In the sections which follow, principles and guidelines are set forth concerning major areas of attention.

II. EQUAL EMPLOYMENT OPPORTUNITY AND HARASSMENT

The Company is an equal opportunity employer and does not tolerate discrimination or harassment based on race, sex, age, color, religion, national origin, veteran's status or disability.

III. COMPLIANCE WITH LAWS AND REGULATIONS

It is Company policy for the Company and its employees, officers and directors to comply with all applicable laws, rules and regulations. There are a multitude of laws, regulations, and decisions that are applicable to the Company's business. Of particular importance are the regulations issued by the U.S. Department of Transportation (the "DOT") and the Federal Motor Claims Safety Administration, a division of the DOT. In addition, as a publicly-traded concern, the Company, and its employees, officers and directors are subject to the rules and regulations issued by the SEC and the Nasdaq Stock Market. All employees, officers and directors should familiarize themselves with the laws and regulations applicable to the performance of their duties and comply with same. When an employee has any questions concerning the application or interpretation of a law or regulation, the employee should first seek the advice of his or her immediate supervisor or department head and thereafter the Company's Legal Department or Chief Compliance Officer. Deliberate disregard of the law will not be tolerated and ignorance of the law will not excuse an employee's failure to comply with any applicable law or regulation.

IV. SECURITIES TRADING; DISCLOSURE OF INFORMATION TO THE PUBLIC

- A. The Company complies with the "insider trading laws", which restrict transactions by persons with access to material non-public information, and has adopted an insider trading policy which is applicable to all employees, officers and directors. It is illegal and against Company policy for any employee, officer or director to directly or indirectly buy or sell Company securities while in possession of material, non-public information ("inside information"); these same restrictions apply to the securities of other companies if you come to possess the inside information in the course of your work for the Company; it is also illegal and against Company policy to inform other persons about inside information or to recommend buying or selling any securities based on such information. If any employee, officer or director has any questions regarding the "insider trading laws" or the Company's insider trading policy, he or she should contact the Company's Chief Compliance Officer.

- B. It is the Company's policy to disclose material information concerning the Company to the public only in accordance with the applicable securities' laws in order to avoid inappropriate publicity and ensure that all such information is communicated in a way that is reasonably designed to provide broad, non-exclusionary distribution of information to the public. Only those individuals designated by the Company to be its authorized speakers may disclose material information concerning the Company to analysts, investors, the press and the public.

V. USE OF COMPANY RESOURCES AND CONFIDENTIAL INFORMATION

- A. The Company's resources include, among many other valuable assets, its equipment, computers, facilities, proprietary business and technical information of the Company and of third parties that is in the Company's possession and the work time of Company employees.
- B. Our employees have a personal responsibility to see that these resources are efficiently put to their intended use to create the highest quality customer services. Accordingly, the following shall apply:
 - 1. Employees may receive medical, business and technical information in trust and are expected to maintain such information in confidence and not to disclose it to others or use it for other than the Company's benefit. All such information is for the sole and exclusive use of the Company. This information includes, but is not limited to, names of customers, vendors and suppliers, descriptions of equipment, facility layouts, systems software, operational records and personnel files, business plans, financial information, costs, projections, budgets and all documents and data which relate to such matters.
 - 2. Employees may receive business, technical and related information of third parties that has been placed in the Company's possession in trust. They must maintain such information in confidence and not disclose it to others or use it for any purpose other than that for which it was intended.
 - 3. Access to and use of Company resources is only permitted for valid Company purposes. Employees should report any misuse or misappropriation of Company assets to their immediate supervisor.
 - 4. Commitments of Company resources may be made only in accordance with management's general or specific authorization. Managers should delegate authority judiciously, consistent with applicable law, and in accordance with Company policy. In addition, management-level personnel should ensure that

employees clearly understand the scope of their responsibilities and the extent of their authority.

5. Upon termination of employment, regardless of the reason, each employee shall immediately return to the Company all resources of the Company used by the employee during employment or otherwise maintained in the employee's possession or control or to which the employee has access.

VI. CONFLICTS OF INTEREST

A "conflict of interest" occurs when an individual's personal interests interferes in any way, or even appears to interfere, with the interests of the Company. Employees have a duty to be free from the influence of any conflicting interest when they are working for or representing the Company. They are expected to deal with customers, suppliers, vendors, and all others doing business with the Company on the basis of what is in the best interest of the Company, without favor or preference based on personal considerations. Our directors are subject to the duty of loyalty and other fiduciary duties which will impose special requirements to address potential conflicts of interest. Generally, it would be considered to be in conflict with the Company's interest and a violation of trust for an employee or director, directly or indirectly, through a family member or otherwise, to engage in the following activities (this list is not intended to be exhaustive of all situations in which an actual or apparent conflict of interest may exist):

- A. to have a material financial interest in, to have a position of material control or influence over, or to serve as an officer, manager, or consultant to any organization which has or seeks to have any business dealings with the Company or which is in actual or potential competition with the Company or, without the Company's written approval, to serve as a director of such an organization; (Note: ownership by a director, employee, or a family member, of one percent (1%) of shares in a publicly-held corporation will likely not be considered to create a conflict of interest.)
- B. to buy, sell, or lease any kind of property, facilities, equipment, or service from or to the Company, or to have a financial interest in any such property, facilities, equipment, or service, without the written approval of the CEO and the Company's Chief Legal Officer (or in the case of the CEO or the Company's Chief Legal Officer, the approval of the Company's Board of Directors or an appropriate committee of the Board);
- C. to use the Company's resources for any reason other than valid Company purposes;

- D. to give, release, or discuss with anyone not authorized by the Company any data or information on Company activities which is not available to the general public and which may be used to the personal advantage of the recipient or to use such information to the personal advantage of the employee, the director, or their family or friends;
- E. to usurp, directly or otherwise take advantage of any existing or potential business activity or opportunity that the Company has expressed an interest, or that was intended for the Company's benefit, for self gain or gain by a family member or friend; and
- F. to engage in any business activity which may result in a conflict or the appearance of a conflict between the private interests of the employee, the director, or his or her family or friends, and the interests of the Company or which may interfere with or adversely affect the employee's or director's ability to perform his or her duties for the Company.

VII. ANTITRUST LAWS

The air freight transportation industry is highly competitive. Forward Air complies with antitrust laws as it actively and fairly competes with others in the industry. If an employee has questions regarding antitrust laws or is uncertain whether a contemplated action raises unfair competition or antitrust issues, such employee should contact the Company's Chief Legal Officer.

VIII. GIFTS TO CUSTOMERS AND SUPPLIERS

The Company is committed to effectively promoting its services based on quality, price, responsiveness, and reputation for integrity in conducting its business. The Company's vendors should compete to supply goods and services needed by the Company on the same basis. The Company's funds or assets must not be used for gifts to or entertainment of customers and vendors unless the following criteria are met:

- A. Gifts in the form of cash, loans, stocks, or other types of cash equivalents must not be given regardless of amount.
- B. Gifts and entertainment should be of nominal value only, not to exceed \$100 in value, and must be consistent with accepted business practices and should comply with the policies of both the Company and the organization employing the recipient.
- C. The gift and/or entertainment must be consistent with all applicable laws and regulations and in accordance with generally acceptable ethical practices in all governing jurisdictions.
- D. The Company prohibits gifts and/or entertainment for government entities, government officials, political party officials, political parties or candidates

for political office. The provision of such gifts must comply with Section X of this Code.

IX. RECEIPT OF GIFTS FROM VENDORS OR CUSTOMERS

No employee or director, any member of the employee's or director's family or any of the employee's or director's friends, shall solicit any cash, loans, or cash equivalents of any amount, or any gifts or entertainment, or any other preferential treatment from any of the Company's actual or potential customers, vendors or organizations with which the Company does business. They also shall not accept any cash, loans, or cash equivalents of any amount, or any other preferential treatment from any of the Company's actual or potential customers, vendors or organizations with which the Company does business. In application of this policy, the following criteria shall apply:

- A. Gifts, entertainment, or other preferential treatment must not be solicited by an employee, director or any of their family members or friends.
- B. Employees and directors may accept common courtesies usually associated with accepted business practices.
- C. Gifts in the form of cash, loans, securities, or other types of cash equivalents must not be accepted regardless of amount.
- D. The offering of gifts, entertainment or other preferential treatment that exceeds nominal value, and in no event exceeds \$100 in value, to an employee, director or any of their family members or friends should be promptly reported in writing by the employee to his or her Department Manager or by the director to the Board of Directors or a designated Board committee.

X. PAYMENTS TO GOVERNMENT OFFICIALS

- A. Federal and state laws prohibits the offer, promise, or gift of anything of value to an employee, agent, or official of the government or any government entity if made with an intent to influence such individual within his or her area of responsibility. A number of other governmental subdivisions have similar laws and regulations.
- B. In order to avoid any appearance of impropriety as well as any questions as to conduct under these laws and regulations, the Company has adopted a policy of prohibiting entertainment of and gifts, gratuities, and favors to federal, state and local government employees, agents, or officials. No Company employee, agent, consultant, joint venture partner or anyone else doing business in the Company's name may ever provide or promise to provide, directly or indirectly, any payment or anything else of value to any government official, political party official, political party or

candidate for political office in order to obtain or retain business, or to secure preferential government treatment for the Company.

- C. No political contributions with Company funds shall be directly or indirectly made to support any candidate or political party except as provided in Section XII of this Code.

XI. MARKETING ARRANGEMENTS, UTILIZING AGENTS
SALES REPRESENTATIVES, OR CONSULTANTS

Agents, brokers, non-employee sales representatives, and other consultants may, at times, be a valuable part of the Company's business practice. We expect these representatives to conduct their business on behalf of the Company in compliance with all applicable laws and regulations and in accordance with the highest ethical standards. Therefore, prior to the selection and appointment of such a representative, the responsible employee should secure information concerning the reputation of the outside representative. In addition, no agent, broker, sales representative, or other consultant shall perform any services on behalf of the Company except pursuant to a written contract which sets forth the duties, responsibilities and services to be performed as well as a statement as to the compensation to be paid and the standards to be maintained. Inquiries concerning such contracts should be directed to the Company's Chief Legal Officer.

XII. POLITICAL AFFAIRS

- A. It is the policy of the Company to maintain a continuing interest in political and governmental affairs at the national, state, or local levels, concentrating on those matters bearing on the interests of the Company. Employees, officers and directors are encouraged to participate in the electoral process at all levels of government by voting and supporting candidates and issues of his or her choice.
- B. No Company funds will be used to make contributions or expenditures in connection with any election or political activity unless consistent with applicable law.
- C. While encouraging employees, officers and directors to take a personal interest in politics, the Company will not pressure any person into political activity against their will or beyond their interests. Each individual must make his or her own decision as to the level and affiliation of his or her participation in politics. Since partisan political activity is highly personal, it must be done on his or her personal time and at his or her own expense.
- D. The Company will continue to develop friendly working relationships with elected representatives and government officials so that mutual interests

may be developed from time to time, but the Company, its employees, officers and directors must not engage in any conduct which would improperly influence or even give the appearance of improperly influencing a legislator or other government employee in the performance of his or her duties.

XIII. SAFETY AND HEALTH

The Company is committed to providing and maintaining a safe, healthy, drug and alcohol-free work environment for employees in compliance with all federal, state and local health and safety laws and regulations. Employees must inform the Company of any accident, workplace injury, or any situation containing a danger of injury. In addition, the Company complies with federal and state environmental laws, including those dealing with the transportation of hazardous materials and storage of fuel. It is each employee's responsibility to use good and responsible judgment in the effort to contain and control the generation, discharge and disposal of any hazardous waste materials.

XIV. COMMUNITY PARTICIPATION

It is the Company's policy to encourage its employees and directors to participate in cultural and public service projects, charitable works and community organizations. Each individual must make his or her own decisions as to the level and choices of such participation.

XV. MAKING AND KEEPING PROPER BOOKS AND RECORDS

A. The integrity of the Company's financial, operational, occupational and other recordkeeping is based upon the validity, accuracy, and completeness of the basic information supporting the entries made in the Company's records. False, improper, fraudulent, misleading, or artificial entries are not permitted regardless of purpose. Specifically, the following standards must be maintained:

1. All payments and transactions must be supported by appropriate documents properly describing such payments or transactions.
2. No undisclosed, unrecorded, or unauthorized funds or assets may be established or maintained for any purpose; no secret or special books and records may be maintained for any purpose.
3. No false, improper, fraudulent or artificial entries shall be made in any records of the Company for any reason, and no employee shall engage in any arrangement that results in such prohibited acts.
4. Employees shall provide accurate information in response to inquiries from the Company's auditors and certified public accountants and from the Company's Chief Legal Officer.

- B. The integrity of the Company's computer database is based upon the validity, accuracy, and completeness of the entries made to the database and of the programs and files that exist in the system. False, improper, fraudulent, misleading, or artificial entries or improper development or maintenance of programs and files are not permitted regardless of purpose. Changes to computer programs or software require the prior written approval of the Company official in charge of computer systems.

XVI. GOVERNMENT IMPORT AND EXPORT CONTROLS

The Company complies with regulations issued by various government agencies to regulate the import and export of shipments. All Company employees involved in the import or export of shipments on behalf of the Company and its customers should be familiar with and adhere to all procedures and documentation necessary to comply with these regulations.

XVII. TRANSPORTATION REGULATIONS

The Company complies with laws and regulations issued by federal, state, and local government authorities on the handling and shipping of certain special commodities such as hazardous materials and dangerous goods, pharmaceuticals, and alcoholic beverages. All Company employees should be familiar with and comply with all such applicable governmental laws and regulations.

XVIII. REPORTING PROCEDURE

The Company expects employees and directors to report questionable conduct or conduct which they suspect violates applicable laws, the Code or other Company policies or procedures. Reports can be made through established reporting relationships or through the confidential reporting procedures described below.

XIX. CONFIDENTIAL REPORTING PROCEDURE

- A. The Code provides an overview of the legal and ethical responsibilities that all of the Company's employees and directors share. Each employee and director must uphold these responsibilities. The standards and expectations outlined here are intended as a guide for making the right choices. If any aspect of the Code is unclear to an employee or director, or if an employee or director has any questions or faces dilemmas that are not addressed, this should be brought to the Company's attention. If an employee or director becomes aware of a situation in which he or she believes his or her legal or ethical rights are being violated or if an employee or director feels that he or she is being pressured to violate the law or an ethical responsibility, it is the employee's or director's personal responsibility to communicate this concern to the Company.

No employee will be disciplined, lose a job, or be retaliated against in any way for asking questions or voicing concerns about our legal or ethical obligations, when acting in good faith. "Good faith" does not mean an individual has to be right; but, it does mean believing information provided is truthful.

It is important that employees and directors communicate a question or concern through one of the many available channels. Employees can speak with their direct manager or supervisor, or use the Open Door Communications Policy to talk to someone else in management, including someone in the Company's Legal Department, or someone with the expertise and responsibility to address the concern. Any of these people may have the information needed, or will be able to refer the question to another appropriate source. Directors should raise questions or concerns with the Board of Directors, any committee of the board, or other members of the Board.

Another communication channel to assist employees is the Forward Air National Hotline. An employee can contact the Forward Air National Hotline when he or she has a concern or wants to report a potential violation of legal or ethical responsibilities. Employees may use whatever method of communication with which they feel most comfortable. The important thing is to get the needed guidance, to report what is known, and to get questions answered.

The Forward Air National Hotline, which is answered by an outside vendor, is available to all employees, 24 hours a day, 7 days a week. Interpreters are available for language assistance. The Forward Air National Hotline can be reached toll-free at 1-800-688-3085.

Although callers are encouraged to identify themselves to assist the Company in effectively addressing their concerns, callers may choose to remain anonymous, and that choice will be respected. The Forward Air National Hotline is not equipped with caller ID, recorders, or other devices that can identify or trace the caller's number.

When the Forward Air National Hotline is called, the person can expect that:

- A report will be forwarded to appropriate Company management for follow-up.
- The concern will be addressed by members of management that may include representatives from the Company's Legal Department or Internal Audit. If the inquiry is one that can be properly handled by someone in the region or district, it will be referred there for

resolution. Each concern will be carefully evaluated before it is referred for investigation or resolution.

- The concern will be handled promptly, discreetly and professionally. Discussions and inquiries will be kept in confidence to the extent appropriate or permitted by law.

Certain follow-up information about how the concern was addressed may be obtained upon request.

- B. All reports of questionable conduct or conduct that is suspected of violating applicable laws the Code or other Company policies or procedures, regardless of the method by which the report is made, will be investigated and, if verified, appropriate disciplinary action up to and including dismissal will be taken against any employee who has violated applicable laws, the Code or other Company policies or procedures. The identity of the employee making the disclosure will not be revealed without the employee's permission, unless ordered by a court of law or requested by or pursuant to a grand jury, nor will the same be recorded in the Company's personnel information for that employee. The fact that an employee has reported suspected violations will not be the basis for any adverse personnel action against the reporting employee by the Company.
- C. Employees should keep in mind that it is against the Code for any employee to attempt to slander another employee through false accusations, malicious rumors, or other untruths about another employee's conduct as it relates to compliance with the Code.

XX. ADDITIONAL PROVISIONS APPLICABLE TO THE CEO AND SENIOR FINANCIAL MANAGEMENT

- A. The CEO, the CFO and all senior financial management are responsible for full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the Company with the SEC, as well as compliance with applicable governmental rules and regulations. Accordingly, it is the responsibility of the CEO, the CFO and each senior financial manager to promptly bring to the attention of the CEO and/or the CFO, as appropriate, any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings. In addition, the CEO, the CFO and each senior financial manager will assist the persons preparing the Company's periodic reports in fulfilling their responsibilities to assure the accuracy and completeness of the Company's periodic reports.
- B. The CEO, the CFO and each senior financial manager shall promptly bring to the attention of the Audit Committee any information he or she may have concerning:

- a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, or
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.
- C. The CEO, the CFO and each senior financial manager shall promptly report any information he or she may have concerning:
- a) any violation of this Code, including any actual or apparent conflicts of interest between personal and professional relationships, involving management, any director or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls, or
 - b) evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof.

With respect to the reporting obligations set forth in the previous sentence, the CEO, the CFO and the Controller shall promptly bring the matter to the attention of the Audit Committee. Any other senior financial manager shall promptly bring the matter to the attention of (i) the Company's Chief Legal Officer or the CEO or, if appropriate, (ii) the Audit Committee; provided, however, that while a senior financial manager always has the option of reporting directly to the Audit Committee, such person shall report to the Audit Committee if he or she has reason to believe that the Company's Chief Legal Officer or the CEO is involved with the matter at issue, or if he or she has reason to believe that that Company's Chief Legal Officer or the CEO has not addressed the matter appropriately in a timely fashion.

XXI. DISTRIBUTION AND ACKNOWLEDGMENT OF RECEIPT

The Code will be distributed to all employees and directors of the Company. All employees and directors receiving the Code are expected to read and familiarize themselves with the Code and will be required to execute and return to the Company an Acknowledgment in the form of Exhibit A, attached hereto, confirming that they have received, read, understand, and agree to comply with the Code. Newly-hired employees and newly-elected directors and will be presented with the Code and asked to execute the Acknowledgment at the time they join the Company. From time to time, in order to reemphasize the Company's commitment to the Code or when the Code has been amended, the Company may elect to redistribute the Code to all employees and have updated Acknowledgments signed.

XXII. WAIVERS

No waivers of the provisions of the Code may be granted to employees without the review and approval of the CEO, and no waivers may be granted to directors of Company without the review and approval of the Board of Directors or an appropriate committee of the Board. In addition, under NASDAQ rules, no waivers may be granted for the CEO, the CFO, senior financial management or directors without the review and approval of the Board of Directors. Waivers shall be disclosed as required by law, the NASDAQ rules or other applicable regulations.

FORWARD AIR CORPORATION

CODE OF BUSINESS CONDUCT AND ETHICS CERTIFICATION

I certify that I have received, fully read, and understand Forward Air Corporation's **Code of Business Conduct and Ethics** and I hereby agree to comply with and abide by all policies, laws, rules and regulations referenced therein.

Employee Signature

Date

Printed Name

SSN or Employee No.

Supervisor

Location

FORWARD AIR CORPORATION

Subject: CONFIDENTIAL INFORMATION

I. POLICY

Certain employees have access to the Company information that may be considered confidential, proprietary or sensitive in nature, e.g., medical records, drug and alcohol testing records, financial records, payroll/personnel records, customer payment habits, employee complaints and problems, policy manuals, and operational procedures. These records are not to be made available to the news media, the general public or other outside third parties without the advance written approval of the Company's General Counsel. Furthermore, the Company employees should not have access to such information unless they have a genuine "need to know."

During initial orientation and training and subsequent on-the-job training, employees should be advised and/or reminded of the sensitive nature of certain aspects of their jobs and specifically alerted to the areas of particular sensitivity or confidentiality. Department Managers are to ensure that all sensitive and confidential information within their responsibility is appropriately controlled and securely maintained.

II. PROCEDURES/INSTRUCTIONS

- A. When preparing reports, records, letters, memos, etc., managers and supervisors are to inform their secretaries, typists, clerks or other appropriate staff, that originals, copies, and drafts are to be promptly returned and/or destroyed, as appropriate, and kept from the view of others.
- B. Employees who may approach their supervisors or others in management with work-related or personal problems are to be assured that their problems will be dealt with in confidence appropriate to the specific situation. Therefore, when consultation with higher management representatives is involved, management will be advised of an employee's request for anonymity or confidentiality.
- C. Personal data or information on employees that is in the Company's possession is not to be divulged indiscriminately. Accordingly, an employee's address, telephone number, age, social security number, pay, and other related information is not to be released without the proper authorization of the Company's General Counsel.

- D. Government representatives, law enforcement agencies, or similar officials may seek assistance in locating an employee on the job. Managers or supervisors under the direction of the General Counsel or designee are to assist in locating the employee in an orderly fashion, but no other information is to be released without proper authorization.
- E. Credit inquiries and prospects for continued employment concerning employees are to be handled in accordance with the confidentiality of personal data. All such inquiries should be handled by the manager of the Company's Payroll Department or the Company's Safety Department if the employee is a Department of transportation regulated driver.
- F. In the absence of proper authorization, a current employee's pay, prospect for continued employment, or other personal data that may be requested by mail or in telephone inquiries is not to be discussed or divulged. Rather, the requestor is to be advised that it is necessary to submit a written request signed by the employee giving permission to release such information. Upon apparent proper request and authorization, only the following information may be provided:
1. Current Pay;
 2. Date of Employment;
 3. Home Address/Telephone Number;
 4. Position or Job Title;
 5. Prospect for Continued Employment; and
 6. Earnings for Previous 12-Month Period.
- (NOTE: The foregoing provision also applies to inquiries regarding former employees.)
- G. Otherwise, only verification may be made of the following employee data when it is provided:
1. Date of Employment;
 2. Last Position or Job Title; and
 3. Final Pay Rate or Salary.
- H. Medical and/or drug and alcohol record inquiries involving current or former employees are to be referred to the Company's Legal Department.

FORWARD AIR CORPORATION

Subject: E-MAIL AND ELECTRONIC COMMUNICATION POLICY

I. POLICY

The Company has established the following policy that governs the use of electronic mail systems at the workplace, including the telephone communication systems. The company reserves the right to amend these policies. An employee's use of the Company's telephone and E-mail systems constitutes the employee's agreement to abide by the policies governing the communication systems as set forth below, or as modified in the future. Each employee using or accessing the Company's email systems or any other computer systems must read and execute the "New User Agreement," which can be found on the Company's intranet site referred to herein as "inFa.net."

- A. Business Use. All electronic and telephone communication systems are to be used primarily for business purposes, meaning that use of such equipment and systems must be job-related. Limited, occasional or incidental use of these systems for personal purposes is acceptable, if done in a professional manner that does not interfere with business use.
- B. Business form. E-mail and voice-mail messages reflect the company image. They should be composed in a professional manner that is similar to messages sent on company letterhead. Employees should keep in mind that electronic files are subject to discovery and may subsequently be used in litigation involving the company or the employee. Therefore, it is expected that employee statements in electronic messages and files will reflect favorably on the company and on the employee.
- C. Mass E-mail. In order to limit the amount of irrelevant e-mail messages received, e-mail messages sent to "all employees," or similar mass mailing groups, may only be sent by supervisors. Even then mass emails should only be used sparingly.
- D. File management. In order to keep the electronic communication systems and computer systems running efficiently, employees should delete unnecessary electronic messages stored in the system, as well as computer files that are no longer needed. Unless otherwise directed to retain electronic messages, all messages over one (1) year old should be deleted at least once per quarter. Employees should also run a virus check on attachments sent through E-mail before opening such files.
- E. Company property. In addition to the system hardware and software, all electronic files and electronic messages are the property of the Company, whether composed, received or sent by the employee. E-mail messages

and other electronic files constitute business records belonging to the Company.

- F. Privacy and passwords. Because all messages are the property of the Company, employees should not expect that messages are private. In addition, employees should be aware that deleted files may be retrieved and read by the Company. The Company reserves the right to retrieve, monitor, or review any messages in the Company system, and may disclose such messages for any purpose without notice to the employee and without seeking permission of the employee. Passwords must be disclosed to management upon request.
- G. Solicitation prohibited. Employees may not use E-mail or voice mail systems to solicit for charitable or commercial ventures, or in any way that violates the company's no solicitation policy. Employees may not use the systems to proselytize for religious, political or other causes.
- H. Proprietary information restrictions. Receiving or downloading, or sending or uploading of proprietary information is prohibited without prior authorization. Such information includes copyrighted materials, trade secrets, proprietary financial information, or similar materials.
- I. Anti-harassment policies applicable. The Company policies prohibiting sexual or other harassment are applicable to e-mail and voice mail systems.
- J. Confidentiality. Except as provided in Paragraph F above, employees are expected to respect the confidentiality of messages sent to others. Employees may not access or review E-mail or voice-mail messages that are not distributed to them.
- K. Internet postings. Employees must receive permission from their supervisor before posting messages to electronic bulletin boards, list-servers or similar public posting forums on the internet. When posted, such messages must contain a disclaimer at the end of the message that: "The opinions expressed in this message are mine only, and do not reflect the opinion or position of my employer."

Employees who observe violations of these electronic communication policies shall notify their immediate supervisor or shall report the violation to the Company's Legal Department.

Employees who violate this policy are subject to discipline, up to and including termination of employment.

FORWARD AIR CORPORATION

Subject: OPEN-DOOR COMMUNICATIONS

I. POLICY

The Company is committed to addressing employee complaints, problems, suggestions, and questions as quickly and fairly as reasonable. The Company maintains a sincere interest in employee welfare and strives to be aware of potential situations or conditions which may give rise to employee dissatisfaction and to take steps to promptly address, correct or amend such problematic situations.

The Company observes and maintains an "open-door" communications philosophy with its employees whereby managers and supervisors make themselves available to employees to discuss goals, problems, concerns, or suggestions.

II. PROCEDURES/INSTRUCTIONS

- A. Employees are encouraged to bring their problems, questions, complaints, etc. to the attention of management as quickly as possible. Under normal circumstances, employees should begin with their immediate supervisor to obtain assistance or a prompt explanation to their concern.
- B. If an employee has not received a satisfactory response from the immediate supervisor within a reasonable time (usually three (3) workdays), then the employee may seek the advice and assistance of the next level of supervision (e.g., Department Manager), if applicable.
- C. The immediate supervisor should take the initiative in advancing an employee's situation up to the next level of supervision if the problem has not been resolved to the employee's satisfaction.
- D. Once a response or recommendation has been made by the Department Manager, but the employee is still not satisfied, he or she may submit the problem in written form to the vice president for operations or sales, as applicable, in charge of the region in which the employee works.
- E. Ordinarily, employees are not to jump the normal progression of supervision (chain-of-command). However, all levels of management are to remain open to employee needs. An employee may be justified in seeking assistance beyond an immediate supervisor if, for example, the problem pertains to the supervisor. Also, nothing in this policy prevents an employee from seeking assistance from the Company's Legal Department at any time.

- F. Employees should fully understand the Company's "open door" philosophy, what to do if they have problems, etc., and the appropriate chain-of-command. New employees are to be advised of this policy during the new employee orientation process.
- G. Supervisors are to periodically review and reinforce these procedures with employees.
- H. Employees who are dismissed by the Company may appeal that decision by using this procedure. However, the appeal should be submitted in writing to the Company's Legal Department.

FORWARD AIR CORPORATION

Subject: RULES OF CONDUCT

I. POLICY

The Company is something of a community in itself. Just as there are rules and regulations governing us as citizens in the communities in which we live, there are certain rules, regulations, and procedures which must be followed as employees of the Company. While these rules certainly apply to conduct occurring on the Company's premises and during working hours, these rules may also extend beyond the Company's premises and beyond working hours. For instance, these rules will be in effect at Company-sponsored off-premises events.

These rules of conduct are intended to help make our organization a safe, productive, pleasant, and desirable place to work. They are not intended to restrict the rights of anyone, but are intended to protect the rights of all, ensure cooperation, and promote personal safety and well being.

The following rules of conduct are guidelines or examples, and they are not meant to cover every possible situation. All employees are responsible for maintaining a high standard of personal conduct and work performance.

II. RULES OF CONDUCT – EXAMPLES OF VIOLATIONS

A. All of the following violations are considered serious. Therefore, these violations or any act which, in the Company's sole opinion, violates generally accepted standards of proper conduct will result in appropriate disciplinary action up to and including dismissal.

1. Removal, possession, or use of Company property or that of others without proper authorization.
2. Failure to report to management information relating to theft, disappearance, damage, destruction, or other improper use of Company property or that of others.
3. Giving false or misleading information to the Company or withholding other information required or requested by the Company.
4. Conviction of a felony or other crime which impairs the employee's suitability for employment with the Company.
5. Altering or falsifying Company records or reports such as employment applications, time cards, accident, injury or incident

reports, financial statements, customer records, medical records, etc.

6. Marking, punching or tampering with another employee's timekeeping record (or permitting same).
7. Disobedience or insubordination, including refusal to comply with work orders, directives, assignments or other instructions of supervisors or other designated representatives of the Company.
8. Negligence, inattention to job duties, wasting time, causing others to waste time, interfering with or delaying customer services, or other operational activities. This also includes refusal or failure to maintain established operational procedures, safety or quality control standards.
9. Entering work areas other than those required by the job during authorized work time.
10. Improper use or operation of Company property, equipment, vehicles, etc.
11. Sleeping (or the appearance thereof) during work time.
12. Refusal or inability to perform work assignments up to the Company's expectations.
13. Participating in "horseplay," pranks, practical jokes, or other disorderly conduct.
14. Soliciting, selling, canvassing, distributing literature, or engaging in other activities during times when any involved employee is supposed to be working. (Reference policy on Solicitation and Distribution of Literature.)
15. Repeated absences, tardiness, refusal or failure to properly notify the Company regarding absence or tardiness and giving a reason which is deemed unacceptable to the Company.
16. Leaving work area or department without proper authorization or proper relief.
17. Failure to wear prescribed personal identification.
18. Refusal or failure to properly report all work related injuries, illnesses or accidents.

19. Reckless driving, speeding or using excessive speed for road conditions.
20. Failure to report to the Company all fines, warnings, citations, or revocations of driver's license.
21. Transporting unauthorized materials or persons.
22. Unauthorized use or abuse of Company telephone credit cards, fuel cards or other Company credit cards.
23. Unreported absences of two (2) consecutive workdays are subject to immediate dismissal.
24. Being under the influence of alcoholic beverages, or possessing, selling, using, or having used illegal or unauthorized drugs, narcotics, intoxicants, alcohol or other controlled substances while on the Company's premises or vehicles; reporting to work having used illegal drugs or unauthorized prescribed drugs or other medications or controlled substances, regardless of when or where they were ingested.
25. Refusing to help or carry out instructions in the event of an emergency such as fire, flood, hurricane, tornado, explosion, bomb threat, etc.
26. Contributing to or being part of any activity which would discredit the Company or its reputation.
27. Use of abusive, threatening, or profane language toward others while on the Company's premises.
28. Posting unauthorized signs, notices, newspaper articles, circulars, leaflets, or other written materials on Company property, or tampering with official bulletin boards.
29. Fighting, assaulting, abusive behavior, threatening behavior, or intentionally injuring another person or another person's property while on Company's premises or at a Company-sponsored event.
30. Possession of weapons, firearms or explosives, drugs or any type of drug paraphernalia.
31. Any conduct which in the Company's opinion is improper, unprofessional, unbusinesslike, immoral, or indecent.
32. Gambling or engaging in a gambling enterprise, unlawful conduct or lending money for profit to employees, customers or others.

33. Unjust enrichment; embezzlement; failure to report errors in pay. Employees are responsible for immediately reporting excesses or shortages of pay to their supervisor.

34. Violation of any Company policy or procedures.

B. Again, the foregoing examples do not attempt to cover every possible situation. Each employee is expected to use common sense, good judgment, and follow normal standards of acceptable conduct. If there is an infraction, there will be an investigation of the matter. During the investigation, it may be necessary that the employee be suspended until the investigation is complete and a final determination made.

FORWARD AIR CORPORATION

Subject: CORRECTIVE DISCIPLINARY ACTION & DISMISSAL

I. POLICY

It is the Company's policy that all corrective disciplinary actions, up to and including dismissal, will be administered fairly, impartially, consistently, and only after considering the relevant facts. This applies both to situations where the problem relates to the employee's inability to satisfactorily perform his or her job up to the Company's expectations, and to situations where the misconduct of the employee requires corrective measures.

If possible, it is the Company's policy to counsel in private and assist the employee in correcting the problem so that the employee may become and continue to be a successful contributor to the team effort of the work force.

II. PROCEDURES/INSTRUCTIONS - CORRECTIVE DISCIPLINARY ACTION

A. Whenever employee job performance or personal misconduct warrants corrective action, managers and supervisors may begin the disciplinary process with any one or more of the four (4) separate corrective actions listed below, depending on the severity, nature and scope of the problem:

1. Verbal Warning;
2. Written Warning;
3. Final Warning and/or Probation and/or suspension; or
4. Dismissal.

*** NOTE: MANAGEMENT RESERVES THE RIGHT TO ENTER INTO ANY LEVEL OF DISCIPLINARY ACTION OR TERMINATION OF EMPLOYMENT BASED ON THE SEVERITY OF THE OFFENSE AND THE EMPLOYEE'S PAST WORK PERFORMANCE.**

B. Many factors may be involved in determining appropriate responses to unsatisfactory job performance or employee misconduct. It is impossible to adopt a precise "formula" to sensitive employee relations matters such as these. Therefore, the severity of the employee's misconduct, work history, length of service, response to previous counseling and warnings (when applicable), and other relevant factors will be considered in determining the type of corrective disciplinary action to be taken in any given situation.

III. COMPENSATION AND BENEFITS

FORWARD AIR CORPORATION

Subject: COMPANY BENEFITS GUIDE

The Company offers a variety of benefits to its employees. In addition to the benefits discussed in this section of the Policy Manual, the Company publishes and distributes to its full-time employees a Benefits Guide, which provides an overview of insurance and other benefits offered to eligible employees of the Company.

Please refer to the Company's Benefits Guide for more information about insurance and other benefits provided by the Company. You can obtain a Benefits Guide by contacting the Company's Payroll Department at 800-733-7239, ext. 7160, 7162, 7163 or 7164.

Please note that with respect to benefits governed by a Plan Document, the Plan Document's provisions will control. Discretion reserved to a designated plan administrator in a Plan Document to determine eligibility, interpret plan provisions and administer claims is not impacted in any way by this policy.

FORWARD AIR CORPORATION

Subject: EMPLOYMENT CLASSIFICATIONS

I. POLICY

All of the Company jobs are classified in accordance with their level of responsibility, the anticipated needs of the Company, and the number of hours that an employee is regularly scheduled to work.

II. PROCEDURES/INSTRUCTIONS

The employment classifications listed below will be interpreted as indicated.

- A. Full-Time Employees (FTE) -- Those employees who are hired and designated as such and are regularly scheduled to work at least thirty-two (32) hours per week. Regular FTEs are eligible for employee benefits.
- B. Part-Time Employees (PTE) -- Those employees who are hired and designated as such and are regularly scheduled to work less than thirty-two (32) hours per week. Regular PTEs may be eligible for certain employee benefits.
- C. Temporary Employees -- Those employees who are hired and designated as such and who may be scheduled to work anywhere from 1 to 40 hours which may vary from one week to the next. Further, it is intended that such employment will be of limited duration, normally not to exceed six (6) months. Temporary employees are not eligible for employee benefits except those that may be required by law.
- D. Per Diem Employees -- Those individuals who are designated as such and who are allowed to work on a per diem basis. Those employees are used on an "as needed" basis and only called upon for those days/shifts that they have specified as being available. Per diem employees are not eligible for employee benefits.
- E. Nonexempt Employees (hourly and salaried) -- Employees who are not exempt from minimum wage and overtime pay in accordance with applicable federal or state law. Where salaries are paid to nonexempt employees, those salaries are intended to compensate those employees for every hour worked during the applicable pay periods.
- F. Exempt Employees (salaried) -- Employees who are exempt from minimum wage and overtime provisions in accordance with applicable laws. Generally, these are executive, administrative, and professional level positions. The salaries paid to exempt employees are intended to

compensate those employees for every hour worked during the applicable pay periods.

- G. Independent Contractor -- A person who is designated as such and whose services are secured in advance by written agreement. Such individuals have the sole responsibility for obtaining worker's compensation coverage and health insurance coverage for themselves and/or for their employees.

III. PAYROLL AND SALARY DEDUCTIONS

The law requires that the Company make certain deductions from every employee's compensation, including, but not limited to, applicable federal, state, and local income taxes. Social Security taxes also must be deducted from each employee's earnings. The Company matches the amount of Social Security taxes paid by each employee.

The Company also offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs. Contact your supervisor with questions concerning deductions and how they are calculated.

The Company prohibits deductions from the salary of a salaried-exempt employee based on the quality or quantity of work performed or any other reason that is inconsistent with pay on a salary basis under federal wage and hour regulations. Subject to certain exceptions, a salaried employee must receive his or her full salary for any week in which he or she performs any work without regard to the number of days or hours worked. Exceptions to this general rule include the following:

- A. The Company need not pay the salary of an employee for any workweek in which the employee performs no work.
- B. The Company may make deductions from salary for an employee's absence for one or more full days that are taken for personal reasons, other than sickness or disability.
- C. The Company may make deductions from salary for absences of one or more full days occasioned by sickness or disability so long as the company maintains a bona fide leave plan that provides compensation for loss of pay occasioned by such sickness or disability. (Deductions for such full day absences may be made, for instance, before the employee has qualified under the plan or after the employee has exhausted his or her leave under the plan.)
- D. The Company will not make deductions from salary for absences occasioned by jury duty, attendance as a witness, or temporary military leave. The company can offset any amounts received by an employee as

jury fees, witness fees, or military pay for a particular week against the salary due for that particular week.

- E. The Company may make deductions from the salary of employees for penalties imposed in good faith for infractions of safety rules of major significance.
- F. The Company may make deductions from the salary of employees for unpaid disciplinary suspensions of one or more full days imposed in good faith for infractions of workplace conduct rules.
- G. The Company is not required to pay the full salary of an employee in the initial or last week of his or her employment if the employee works a partial week during such week.
- H. The Company is not required to pay the full salary of an employee for weeks in which the employee takes unpaid leave under the Family Medical Leave Act.

If a salaried employee believes that the Company has made an improper deduction from his or her salary, he or she should report the alleged improper deduction to the Company's Payroll Department. An employee may also report an improper salary deduction by contacting the Company's Legal Department at 1-800-733-7239, ext. 7007. The Company will in no way retaliate against any employee for making a good faith complaint about any payroll discrepancies or problems.

FORWARD AIR CORPORATION

Subject: OVERTIME

I. POLICY

It is the Company policy to comply with federal and state regulations applicable to the payment of wages and overtime to all nonexempt employees.

Overtime work will be minimized and utilized only when necessary. However, the nature of our operations is such that overtime may be necessary, and it is a job responsibility of all employees to work overtime, relief shifts, weekends and holidays when assigned. The Department or Terminal Manager or the employee's immediate supervisor must authorize and approve, in advance, all overtime work. Working overtime without the advance approval of a manager or supervisor will be subject an employee to disciplinary action up to and including termination of employment.

Overtime assignments will be distributed as equitably as possible. In selecting those to perform special work assignments or overtime, supervisors must give due consideration to the necessity of maintaining a high degree of productivity, efficiency, safety and quality customer service.

II. PROCEDURES/INSTRUCTIONS

- A. Supervisors should give as much advance notice as reasonable under the prevailing circumstances regarding the need for overtime or other special work assignments. All overtime must be approved in advance by appropriate departmental supervision.
- B. Nonexempt employees do not have the right to waive overtime pay.
- C. While the Company and its managers and supervisors may announce to employees that overtime work will not be permitted, or that overtime will not be paid for unless properly authorized in advance, that does not prevent an employee from recovering overtime pay for work which was actually "suffered or permitted." Therefore, supervisors and Department Managers must take personal responsibility to ensure that employees are completely relieved of their duties and not allowed to begin working prior to or continue working beyond their normally scheduled starting or quitting times.
- D. Normally, overtime work is to be assigned to the qualified employee who normally fills the job within the department and has worked the least amount of overtime and, thereafter to others who may also be qualified.

- E. Employees are required to work all assigned overtime or other special work assignments as a condition of their employment. However, if an employee has a substantial reason, acceptable to the Company, to be relieved of a particular work assignment, the supervisor may consider making the assignment to another employee if such other employee is readily available and qualified to do the job.
- F. Job responsibilities are to be given high priority and employees should not request relief from overtime or other special work assignments simply for personal convenience. Being available for such assignments and maintaining a reliable means of contact with the Company are necessary requirements for continued employment.
- G. Establishing working hours and individual schedules are the responsibility of each Department Manager.
- H. OVERTIME PAYMENT
 - 1. Overtime will be paid at a rate of one and one-half (1-1/2) times the employee's base rate for the pay period in which the overtime occurs unless state law provides otherwise. In that event, overtime will be paid in accordance with that law.
 - 2. Vacation, holiday, sick leave, jury duty, funeral leave, and other paid or unpaid time off are not considered as time worked for the purpose of computing overtime pay.
 - 3. No "pyramiding" of overtime will be allowed. That is, employees will not be paid overtime rates for hours worked beyond a given pay period to the extent that they have already been paid overtime on a daily basis unless state law permits otherwise.

FORWARD AIR CORPORATION

Subject: HOLIDAYS

I. POLICY

It is the policy of the Company to pay all active, regular full-time employees for the following designated holidays as specified below:

New Year's Day	(1st of January)
Memorial Day	(Last Monday in May)
Independence Day	(4th of July)
Labor Day	(1st Monday in September)
Thanksgiving	(4th Thursday in November)
Christmas	(25th of December and as may be specified otherwise)

II. PROCEDURES/INSTRUCTIONS

A. HOLIDAY OBSERVANCE

1. A designated holiday shall be observed from the third shift (11:00 pm - 7:00 am) preceding the holiday through the second shift (3:00 pm - 11:00 pm) of the actual holiday.
2. Holidays falling on Saturday, Sunday, or any other day will typically be observed and compensated for on the actual date of the holiday for all those employees who are normally scheduled (or are called out) to work on a Saturday, Sunday or designated holiday.
3. Otherwise, when an actual holiday falls on a Saturday or Sunday, the Company, at its option, may schedule either the preceding Friday or the following Monday as the designated holiday for those employees who are normally allowed time off with pay in observance of the holiday. These employees will be compensated for the holiday on the day that it is "observed."
4. To avoid confusion concerning actual holiday observances and eligibility requirements, employees will be provided with advance notice of a forthcoming holiday observance through a payroll stuffer, bulletin board message, or some other reasonable means of communication.
5. If a designated holiday falls during an employee's vacation, the employee will be granted an additional day of vacation.

6. Employees may not swap, exchange, or substitute other days for those holidays designated by the Company.

B. DETERMINATION OF HOLIDAY PAY

1. Eligible employees will receive holiday pay equivalent to the usual number of hours (up to a maximum of 10 hours) in their regularly scheduled workday during the week in which the holiday occurs.
2. Nonexempt employees scheduled to work on the actual day of the designated holiday will be paid at the usual customary straight-time rate for all hours actually worked, and will be granted equal time off 30 days prior to or 30 days after the holiday, paid at the usual customary straight-time rate.
3. Employees will receive the appropriate amount of holiday pay on the second payday after the holiday occurs.

C. QUALIFICATIONS FOR HOLIDAY PAY

1. Paid holidays are provided as a work break, time off without the loss of regular wages which otherwise would have been earned except for the holiday observance for employees who, at the time of the holiday, have completed one month's full time employment and are on active work status.
2. Holiday pay is not intended as a means of "extra" pay, except when paid for work actually performed on a designated holiday. Therefore, employees on leave of absence, or on any other inactive work status are not eligible to receive holiday pay.
3. Employees on active work status must work their last, full-scheduled workday before, and the first, full scheduled workday after the holiday, or the holiday (if scheduled to work), to be eligible to receive appropriate holiday pay.

D. NONDISQUALIFYING ABSENCES

1. Verified Illness or Disability. An employee will not be disqualified for holiday pay due to absence on the day before/after the holiday, if scheduled to work, when the absence is due to an illness or other disability, provided that:
 - a. The employee is under the care of a qualified physician on the day of absence;
 - b. The illness or disability rendered the employee completely unable to work on the day of the absence; and

- c. Written verification of the above is supplied by the employee when requested. (Such verification may be required on a random basis to prevent abuse of the Company's policy, or if the attendance record of the employee is below acceptable standards, or if there is other reasonable belief by the Company to suggest the need for verification.)
 - d. There are to be no exceptions to the foregoing.
2. Death in Immediate Family. Immediate family includes an employee's spouse, parent, children, brother, sister, grandparent, mother-in-law or father-in-law, step family member, or other dependant residing in the employee's household. See Bereavement Policy for additional details.
 3. Jury duty. See Jury Duty/Court Service policy for addition details.
 4. Personal Business. Personal obligations which are of such a nature that they were not planned in advance to coincide with the holiday. Some examples are: a child's graduation exercises, weddings of immediate family members, and urgent legal matters. These absences will be considered on a case-by-case basis, must be approved concurrently by the employee's supervisor and Terminal Manager or, in the case of employees employed at the Company's corporate headquarters or in departments that do not report to a Terminal Manager (e.g., I.T. Department), concurrent approval must be received from his or her immediate supervisor and the employee's Department Manager, and are subject to such verification as may be deemed necessary by the Company.
 5. Part-Time Absence. Part-time absences which occur at the end of the day before, and at the beginning of the day after the holiday, and which are arranged for and approved in advance by the Department Manager.
 6. Emergency Absence. Emergency absences on the day before/day after, or on the holiday may be excused at the Department Manager's sole discretion.

FORWARD AIR CORPORATION

Subject: MEAL PERIOD

I. POLICY

The Company recognizes that a meal period during the course of the workday enhances employee morale and productivity. Accordingly, set forth below are the procedures applicable to the granting of a meal period.

II. PROCEDURES/INSTRUCTIONS

A. Granting Meal Periods

1. Meal periods will be scheduled by appropriate supervisory personnel at times that do not interfere with customer service or departmental operations. Although there are times and circumstances that may prevent the granting of a meal period, every reasonable effort will be made to do so. If it becomes necessary for employees to remain on duty during their meal periods or to be called back to work due to an emergency, employees will be paid for the entire meal period or granted another meal period during the shift.
2. Employees who work a shift of less than five (5) hours are not eligible for a meal period.
3. Meal periods may not be taken during the first 30 minutes or last 30 minutes of employee's normal workday.

B. Supervisory Notification

Employees are required to notify their supervisor upon leaving and returning from meal periods.

C. Duration of Meal Periods

Employees who work a shift of five (5) or more hours will normally be scheduled for one unpaid meal period which will typically be thirty (30) minutes in duration.

D. Use of Meal Periods

1. Employees who are on their meal periods are not permitted to interfere with fellow employees who are continuing to work.

2. Unless advance approval is obtained from an employee's manager, meal periods may not be used to make-up for employee absenteeism or tardiness.
3. Meal periods not taken do not accumulate.
4. Nonexempt employees are required to sign/clock out and in for their meal periods.

E. Location of Meal Periods

To the extent possible, meal periods should be taken in nonwork areas designated for that purpose. Meal periods are not to be taken in customer service areas, lobbies or other public areas.

Unless otherwise approved by an employee's manager, food is not permitted in work areas.

F. Other

1. Meal periods may not be taken in combination with rest breaks.
2. Abuse of meal periods is subject to appropriate disciplinary measures, including dismissal.

FORWARD AIR CORPORATION

Subject: REST BREAKS

I. POLICY

The Company recognizes the importance of short rest breaks during the course of the workday. Accordingly, set forth below are the procedures applicable to the granting of rest breaks.

II. PROCEDURES/INSTRUCTIONS

A. Granting Rest Breaks

1. Unless state law requires otherwise, rest breaks may be granted with supervisory approval at times that do not interfere with customer service or departmental operations. Although there may be times and circumstances that will prevent the granting of a rest break, reasonable effort will be made to do so.
2. Employees who work a shift of four (4) hours or less are not eligible for a rest break.
3. Rest breaks may not be taken during the first 30 minutes or last 30 minutes of the employee's normal workday.

B. Supervisory Notification

Employees are required to notify their supervisor upon leaving and returning from rest breaks.

C. Duration of Rest Breaks

Employees who work a shift of at least eight (8) hours will normally be eligible for two (2) rest breaks which may not exceed fifteen (15) minutes each.

D. Use of Rest Breaks

1. Employees on rest breaks are not permitted to interfere with fellow employees who are continuing to work.
2. Rest breaks may not be used to make-up for employee absenteeism or tardiness.
3. Rest breaks not taken do not accumulate or result in additional pay.

4. Nonexempt employees are not required to sign out and in for rest breaks since they are compensated.

E. Location of Rest Breaks

To the extent possible, rest breaks should be taken in nonwork areas designated for that purpose. Customer service areas, lobbies and other public areas are not to be used as employee rest areas.

1. Employees are not permitted to leave the Company's premises during rest breaks.
2. Unless otherwise approved by a manager, food is not permitted in work areas.

F. Other

1. Rest breaks may not be taken in combination with meal periods.
2. Abuse of rest break privileges is subject to appropriate disciplinary measures, including dismissal.

FORWARD AIR CORPORATION

Subject: BUSINESS EXPENSE REIMBURSEMENT POLICY AND PROCEDURE

I. POLICY

This policy provides the guidelines and procedures for reimbursement of business-related expenses of any employee of the Company.

A. Objectives

Reimburse the Company employees for all reasonable and necessary travel, entertainment and other business-related expenses incurred in connection with the performance of their assigned responsibilities.

Provide employees an understanding of acceptable and reimbursable expenses as well as examples of expenses the company will not reimburse.

Ensure that our policy and practice of expense reimbursement is in compliance with rules and guidelines set forth by the Internal Revenue Service.

Timely reimbursement of employee expense upon: (1) the Company's satisfaction that the expense is reasonable, proper and incurred within the Company's policies and procedures; (2) the Company's satisfaction that the method of reporting complies with Company requirements; (3) the employee's timely submission of all required receipts and documentation; and (4) receipt of all required approvals.

B. Responsibility and Enforcement

It is the responsibility of the employee to use good judgment when incurring expenses for business-related travel, entertainment and other expenses and to report them promptly and honestly. It is the responsibility of the approving manager (the employee's direct report) to review the submitted expenses to ensure that they meet the guidelines set forth by this policy and to submit them to Accounts Payable in a timely fashion. It is the responsibility of Accounts Payable to review the approved expenses for clerical accuracy, inclusion of receipts, meeting policy guidelines and lastly to promptly reimburse the employee. If required receipts are missing or if expenses outside reimbursement guidelines are received by Accounts Payable, they will notify both the employee as well as the approver via phone or email. Expenses outside the guidelines may be reimbursed only upon approval of the Controller, CFO or CEO and will require their sign off.

EMPLOYEES WHO FALSIFY A DOCUMENT ARE SUBJECT TO DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION.

1. Employee Responsibilities (general)
 - a. Employees will comply with the policy.
 - b. Employees will accurately submit expense items within policy guidelines.
 - c. Expense reports must be completed and submitted in a timely manner. In order to receive reimbursement expenses must be submitted within 45 days of the date incurred. It is at the discretion of the Controller, CFO or CEO whether to accept or deny expenses submitted beyond 45 days.
 - d. Expenses should be reported using the Weekly Expense Form envelope or a reasonable facsimile to be pre-approved by Accounts Payable.
 - e. Original receipts must be presented for expenses in excess of \$25 along with the signed expense report.

C. Specific Guidelines:

Mileage reimbursement requests must provide sufficient information for Accounts Payable to confirm the submitted mileage (i.e. starting location and destination information). Mileage is reimbursed based on IRS guidelines. That rate will be made available to employees by Accounts Payable at the beginning of each year or as it might be changed via email.

Hotel charges must be supported by folio with room, meal and entertainment charges broken out on the Weekly Expense Form.

Laundry is only reimbursable in the event that the employee is away from home for more than five days.

Entertainment expenses must identify the person(s) being entertained and the customer company with which he is affiliated.

The Company will only reimburse coach air travel unless pre-approved by an executive officer. The employee is responsible for documenting any cancelled air travel that is not reimbursable on their expense report. The employee will note on a subsequent expense report when the credit is taken.

Cell phones as well as Blackberry expenses are reimbursable for certain employees based on the limit set forth on the schedule maintained by IT and Accounts Payable. Amounts in excess of the employees limit may only be approved by an executive officer.

Breakfast, lunch and dinner expenses are all reimbursable when the employee is traveling away from home or documents a customer being entertained.

Examples of expenses that will not be reimbursed are: hotel movies, cash used while traveling supported only by ATM receipts, expenses for family members unless pre-approved by an executive officer, birthday parties and going away parties or gifts.

Note: When multiple employees are present at the meal, entertainment or event, the most senior member of management should pay the bill.

D. Direct Billing

From time to time, the Company will arrange for a vendor to bill the Company directly for travel, meal or entertainment expenses. This arrangement is set up through the Accounts Payable Department and is at the sole discretion of the CEO and CFO. No other employee is authorized to act on behalf of the Company to set up such an arrangement.

EMPLOYEES WHO DO NOT COMPLY WITH THIS POLICY MAY BE SUBJECT TO DELAY IN REIMBURSEMENT, WITHHOLDING OF REIMBURSEMENT, AND/OR APPROPRIATE DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION.

Questions concerning this reimbursement policy may be directed to the Controller or CFO.

I _____ have read and understand the FORWARD AIR CORPORATION Business Expense Reimbursement Policy and Procedure, agree to comply with it and understand the consequences for noncompliance.

Employee signature

Date

IV. ATTENDANCE AND LEAVES OF ABSENCE

FORWARD AIR CORPORATION

Subject: ATTENDANCE

I. POLICY

Punctual and regular attendance at work is an essential requirement for continued employment at the Company. Absenteeism and tardiness can adversely affect not only the Company's operational procedures, but can sometimes place an unfair burden upon fellow employees and may jeopardize the quality of customer service. Therefore, absences and tardiness should always be held to a minimum.

II. PROCEDURES/INSTRUCTIONS

- A. Employees are expected to report for work as scheduled or whenever called upon to remedy staffing shortages.
- B. All employees must be present at their respective work stations and ready to begin work at the appropriate starting times and at the prescribed times after rest breaks and lunch periods. More specifically, however:
 - 1. All nonexempt employees are required to sign/clock in or out, as appropriate, for work, meals, and quitting time, in order to be accurately paid for their actual time worked.
 - 2. Employees must sign/clock in no earlier than seven (7) minutes before their normal starting time. Unless otherwise directed by a manager or supervisor, an employee should not begin work until his or her appointed starting time regardless of the time that he or she clocks in. Employees must sign/clock out no later than seven (7) minutes after their normal quitting time. Exceptions (e.g. overtime) to this procedure must be properly approved by the employee's supervisor or Department Manager.
 - 3. Employees are to sign/clock in and out in accordance with their own authorized work schedules. Anyone signing/clocking another employee in or out is subject to dismissal (The employee who allowed this will also be subject to dismissal.).
- C. Employees who are delayed in reporting for work, regardless of the reason, are required to call their supervisor or department or Terminal Manager promptly to explain the circumstances as specified below.
- D. Employees who are delayed in reporting for work more than 30 minutes and who have not made proper notification may be denied the opportunity

to work the remainder of the workday. Those non-exempt employees who are permitted to report to work late will be paid only for the time they actually worked.

- E. Generally, problematic absenteeism and/or tardiness are patterns of behavior that are easily identified. It is important that these behavior patterns be documented by the employee's supervisor and/or Department Manager.
- F. Employees are not allowed to work any period of time beyond normal starting or quitting times for the purpose of making up time lost due to tardiness or absences.
- G. Notice of Absence or Tardiness
 - 1. If an absence is unavoidable, employees are to:
 - a. Notify their supervisor or department or Terminal Manager as soon as possible, and in no case less than two (2) hours before the shift begins, giving the reason. Every effort should be made to give this notice prior to the scheduled time for reporting to work.
 - b. Make notification on a daily basis unless the absence is certain to be for a prolonged period (more than one (1) week).
 - c. Report absences daily directly to the immediate supervisor or Department Manager to avoid misunderstandings which may occur as a result of "relayed" messages and voice mails. Employees must make every effort to speak directly with their supervisor when reporting tardiness or absences.
 - d. Call in weekly, during a prolonged absence, and notify their supervisor, as to current status and expected date of return.
 - 2. Generally, there will be no acceptable excuse for not calling in; however, this determination may be made at the supervisor's/ manager's sole discretion.
 - 3. An unauthorized absence or tardiness without proper notice may result in disciplinary action up to and including dismissal and may be a disqualification for any pay for which the employee might otherwise have been eligible.
 - 4. If it becomes apparent that an employee is going to be late for work, he or she is to notify the appropriate supervisor or Department Manager as soon as this fact is known.

H. Corrective Action

1. The following incidents may result in disciplinary action up to and including dismissal:
 - a. Unauthorized absence. An unauthorized absence is any absence from work that is not approved as vacation, discretionary time, or leave of absence pursuant to Section IV of this Policy Manual or applicable law.
 - b. Tardiness. An employee is tardy if the employee fails to be at work at his/her scheduled starting time without an excuse that is acceptable to the Employee's Terminal Manager or Department Manager.
 - c. Repetitious unauthorized absences and tardiness. That is, unauthorized absences or tardiness which are above average, either in their frequency or duration. Generally, three (3) unauthorized absences or nine (9) tardies within a rolling 12-month period will subject an employee to dismissal as outlined below:
 - (1) Unauthorized Absences:
1st absence = Written Warning
2nd absence = Final Warning
3rd absence = Dismissal
 - (2) Tardiness:
3rd tardy = Verbal Warning
6th tardy = Written Warning
9th tardy = Dismissal
 - d. Giving false, misleading or incomplete information to the Company concerning absences or tardiness.
 - e. Failure to give proper notice of absences or tardiness in accordance with the Company policy.
2. When evaluating possible corrective action for absences and tardiness, some appropriate considerations are: the employee's past work record, current job performance, length of service, frequency and duration of the absences and/or tardiness, and the circumstances surrounding the attendance problem.

3. A medical-related absence of two (2) or more consecutive working days requires the employee to furnish evidence or verification from the attending physician of his or her inability to work.
4. Employees absent for two (2) consecutively scheduled work days without properly calling in will be assumed to have abandoned their jobs and will be terminated.

NOTE: Because circumstances at a particular Company station or terminal may require a different approach to handling absenteeism and tardiness, individual stations or terminals may adopt written policies and procedures regarding notice of and corrective action for tardiness and unauthorized absences that are different than those set forth in this policy. In such circumstances, employees should follow and will be held accountable for following the local station's written policies and procedures. To the extent that the terms of this policy do not contradict any written local policy with respect to absences and/or tardiness, such terms of this Personnel Policy and Procedure Manual will be in effect and will apply.

FORWARD AIR CORPORATION

Subject: BEREAVEMENT LEAVE

I. POLICY

It is the policy of the Company to grant regular full-time and part-time employees, who have completed three (3) months' employment, reasonable time off with pay to allow them to handle their obligations in the event a death occurs in the employee's immediate family. Bereavement leave is not, however, a vested or guaranteed right, and may be denied in some cases.

II. PROCEDURES/INSTRUCTIONS

A. Employee's Immediate Family Shall Include:

Spouse	Father-in-law
Child	Mother-in-law
Brother	Brother-in-law
Sister	Sister-in-law
Parent	Grandparent-in-law
Grandparent	Other dependants residing
Step-families	in the employee's household

B. Duration of Leave

1. An employee may be granted up to a maximum of three (3) consecutive workdays off with pay per occurrence as bereavement leave. One of these days must include the day of the funeral. Such days do not include Saturday or Sunday or holidays unless these days are part of the employee's regularly scheduled shift.
2. Due to special circumstances, additional unpaid days off may be granted at the Company's sole discretion for instances in which the funeral will be held at least 300 miles from the employee's home.
3. An employee may be granted up to a maximum of two (2) consecutive working days off without pay as bereavement leave for other family members not listed above, but requires approval of the employee's Department Manager or Terminal Manager. Unpaid time off must meet the same eligibility requirements as paid bereavement leave.

C. Pay

1. Approved bereavement leave will be paid at the employee's current hourly base rate of pay.
2. Hours paid in accordance with this policy are not considered as "time worked" for the purpose of computing overtime.
3. Eligible employees will receive bereavement leave pay for only those days, and the hours within those days, which they normally would have been scheduled to work.

D. Eligibility

To be eligible for bereavement leave pay, an employee must:

1. Be on active payroll at the time of the death in the immediate family;
2. Notify his or her immediate supervisor or Department Manager in accordance with proper absence reporting procedures; and
3. When requested, provide the name of the deceased, the relationship of the deceased, date of death, and time and place of the funeral. (This provision should not be invoked unless there is reasonable belief that the privilege is being abused.)

E. General

1. Questions concerning the interpretation or specific application of this policy should be directed to the Company's Legal Department.

FORWARD AIR CORPORATION

Subject: JURY DUTY/COURT SERVICE

I. POLICY

It is the policy of the Company to support its employees in meeting their civic and public service responsibilities. To this end, if employees are called for jury or court services, they will be excused from work in accordance with this policy and appropriate state law. Tennessee employees should refer to Appendix B.

II. PROCEDURES/INSTRUCTIONS

- A. Employees summoned for jury duty must notify their immediate supervisor or Department Manager of this situation as soon as possible.
- B. Employees will receive regular earnings up to a maximum of 5 workdays (per summons). Upon receipt of jury pay, the employee will endorse the check back to the Company.
 - 1. As appropriate, the Company will pay employees for their normally scheduled hours per workday at their hourly base rate. Accordingly, employees must submit to the Company any payment of monies for jury service up to the 5-day maximum reimbursement period.
 - 2. Employees must furnish their supervisor with proof of jury duty. In turn, the verification of jury duty will be forwarded to the Company's Payroll Department.
 - 3. On days or partial days during jury assignment not actually served with the jury, employees will be expected to report for work insofar as is reasonable and complete their regularly scheduled workday. Otherwise, the supplemental jury duty wages provided by the Company may be forfeited for that day.
 - 4. Jury duty will not be considered as "time worked" for the purpose of overtime computation.
- C. This policy does not apply to employees who volunteer for jury duty service or who appear as a party or witness in any court or administrative agency proceeding, except if employees appear at the request of the Company or are under a subpoena or court order.^{1/}

¹ Further, this policy does not apply to any court proceeding where an employee has filed a complaint, lawsuit or other similar action against **the Company** or any of its agents.

FORWARD AIR CORPORATION

Subject: LEAVES OF ABSENCE

I. POLICY

Only regular, full-time and part-time Company employees who have successfully completed their probationary period are eligible to qualify for certain leaves of absence as specified below, unless it is for an occupational illness or disability. The only other exceptions are family and medical leave (FMLA leave) and military leave whereby certain additional rights and restrictions apply, as discussed in more detail below.

Each request for a leave of absence will be considered on its own merits. The factors that will be considered in reaching a decision will include, but are not necessarily limited to, such things as the:

- A. Purpose for the leave;
- B. Duration of the leave;
- C. Employee's overall work record;
- D. Employee's length of service; and the
- E. Effect upon the operation of the work unit.

Employees who undertake any other employment while on an approved personal or FMLA leave of absence will be subject to immediate dismissal for misconduct.

Employees will not accrue vacation or discretionary hours during leaves of absence.

II. TYPES OF LEAVE ALLOWED

A. Personal Leave of Absence

1. Employees must have completed at least one (1) year of service and be in good standing with the Company to be eligible for a personal leave of absence.
2. An unpaid personal leave of absence for good cause, as determined by the Company, may be granted for medical reasons, educational purposes, emergency or unusual circumstances for a specified time period not to exceed thirty (30) calendar days, unless a longer duration is approved in writing by the Company's Legal Department. **All personal leaves of absence must be approved by the Company's Legal Department.**

3. Upon returning from leave at any time during the stipulated leave period, the employee must make application to his or her immediate supervisor and the Terminal Manager at his or her terminal to be reinstated in the same or a similar job for which the employee is qualified to perform. If the employee works in a department that does not report to a Terminal Manager (e.g., I.T. Department) the employee must make application to his or her Department Manager to be reinstated in the same or a similar job for which the employee is qualified to perform. However, if such a job is not available, but it appears that an appropriate job opening may be imminent, the employee's leave of absence may be extended for a period of time not to exceed thirty (30) calendar days.
5. Otherwise, employees not returning to work, as specified, may be terminated.
6. The employee's immediate supervisor will reschedule and coordinate the employee's return.

B. Military Leave of Absence

1. A leave of absence must be granted to any employee who enlists or is drafted into the U.S. Armed Forces, Army National Guard or Air National Guard, for one of the following reasons:
 - a. Active duty;
 - b. Active duty for training;
 - c. Initial active duty for training;
 - d. Inactive duty training;
 - e. Full-time National Guard duty; and
 - f. Absence to determine an employee's fitness for duty in the uniformed services.
2. Federal law further guarantees the employee the right to reinstatement after satisfactorily completing such service, upon meeting certain other eligibility requirements. Among the most important of these are the following:
 - a. The employee gave proper notice of his impending military service (as detailed in the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA));
 - b. The cumulative length of absence from work does not exceed five years, with a few exceptions specified in the USERRA; and
 - c. The Company's circumstances have not so changed as to make reemployment impossible or unreasonable, providing

required accommodations would not impose an undue hardship, and the employee's prior employment was not for a brief, nonrecurrent period (with no expectation it would continue indefinitely).

3. An employee, upon entering active military service, will be placed on military leave of absence without pay. During the period of uniformed service, vacation, sick time, holidays, etc. will not be paid; however, such period of military service will be treated as service in employment for purposes of seniority-determined benefits, pay and job advancement. In addition, an employee who goes into uniformed military service may continue to participate in the Company's health insurance at his or her normal cost for up to 31 days of such military service, and at a cost of 102 percent of the full premium (the "COBRA" rate) for a period of up to 18 months from the date his or her absence due to military service begins.
4. Upon completion of service, returning veterans must still be qualified to perform the job held prior to entering service. If the veteran is not qualified because of a disability (and no reasonable accommodation is possible), he or she may be reinstated into another job, equivalent in seniority, status and pay, for which he or she is qualified. If no such position is available, the employee will be placed in a position -- consistent with the individual's circumstances -- which is the nearest approximation to the employee's former job in terms of seniority, status and pay.
5. In most instances the veteran must apply for reinstatement within ninety (90) days of release from military service. Shorter application periods apply to periods of duty of less than 181 days and less than 31 days, and a longer period may apply if the employee is hospitalized or convalescing from an injury caused or aggravated by active duty (as detailed in the USERRA). Otherwise, failure to report back within the required time frame will be considered a voluntary resignation.
6. National Guard and Military Reserves -- An employee will be granted time off from work as needed to fulfill his or her responsibilities in these matters.
 - a. Reinstatement: If the employee's period of guard/reserve service was less than 31 days, the employee must apply for reinstatement by reporting to the Company no later than the beginning of the first full regularly scheduled work period on the first full calendar day following the completion of service and the expiration of eight (8) hours after a period allowing for the employee's safe transportation home from the place of service (unless it is unreasonable to do so due to no fault

of the employee, in which case he must report as soon as possible). If the service is more than 30 but less than 181 days, the employee will have 14 days to reapply; if more than 180 days, the employee will have 90 days to reapply. Employees who fail to apply within these time periods will be considered absent without authorization and subject to discharge if they do not report to work within the next two (2) scheduled work days.

b. Verification of Orders/Pay: Employees must provide the Company with written orders or other similar verification of reservist or guard duties and copies of pay vouchers.

7. Federal and some state laws are designed to facilitate the departure from and return to civilian employment by members of the uniform services, and to assure that their seniority, status and rates of pay will be that which they would have enjoyed had they remained continuously employed. Any questions concerning the rights of our employees who are members or former members of the uniform services should be directed to the Company's General Counsel.

C. Family and Medical Leave Of Absence (FMLA)

GENERAL INFORMATION REGARDING THE FAMILY AND MEDICAL LEAVE ACT OF 1993²

The U.S. Department of Labor's Employment Standards Administration, Wage and Hour Division, administers and enforces the Family and Medical Leave Act (FMLA) for all private, state, and local government employees, and some federal employees. Most federal and certain congressional employees are also covered by the law and are subject to the jurisdiction of the U.S. Office of Personnel Management or the Congress. See Fact Sheet 28A.

The FMLA became effective on August 5, 1993 for most employers and entitles eligible employees to take up to 12 weeks of unpaid, job-protected leave in a 12-month period for specified family and medical reasons. Amendments to the FMLA by the National Defense Authorization Act for FY 2008 (NDAA), Public Law 110181, expanded the FMLA to allow eligible employees to take up to 12 weeks of job-protected leave in the applicable 12-month period for any "qualifying exigency" arising out of the fact that a covered military member is on active duty, or has been notified

² This information is taken directly from U.S. Dept. of Labor Fact Sheet No. 28, which is available online at <http://www.dol.gov/esa/whd/fmla/finalrule.htm>, and is for informative purposes only. The Company's official policy regarding FMLA leave follows this general information.

of an impending call or order to active duty, in support of a contingency operation. The NDAA also amended the FMLA to allow eligible employees to take up to 26 weeks of job-protected leave in a “single 12-month period” to care for a covered servicemember with a serious injury or illness.

1. **Employee Coverage**

FMLA applies to all:

- a. public agencies, including state, local and federal employers, local education agencies (schools), and
- b. private-sector employers who employed 50 or more employees in 20 or more workweeks in the current or preceding calendar year, including joint employers and successors of covered employers.

2. **Employee Eligibility**

To be eligible for FMLA benefits, an employee must:

- a. work for a covered employer;
- b. have worked for the employer for a total of 12 months;
- c. have worked at least 1,250 hours over the previous 12 months; and
- d. work at a location in the United States or in any territory or possession of the United States where at least 50 employees are employed by the employer within 75 miles.

While the 12 months of employment need not be consecutive, employment periods prior to a break in service of **seven** years or more need not be counted unless the break is occasioned by the employee’s fulfillment of his or her National Guard or Reserve military obligation (as protected under the Uniformed Services Employment and Reemployment Rights Act (USERRA)), or a written agreement, including a collective bargaining agreement, exists concerning the employer’s intention to rehire the employee after the break in service. See, special rules for returning reservists under USERRA.

3. **Leave Entitlement**

- a. A covered employer must grant an eligible employee up to a total of 12 workweeks of unpaid leave during any 12-month period for one or more of the following reasons:

- (1) for the birth and care of the newborn child of the employee;
 - (2) for placement with the employee of a son or daughter for adoption or foster care;
 - (3) to care for a spouse, son, daughter, or parent with a serious health condition;
 - (4) to take medical leave when the employee is unable to work because of a serious health condition; or
 - (5) for qualifying exigencies arising out of the fact that the employee's spouse, son, daughter, or parent is on active duty or call to active duty status as a member of the National Guard or Reserves in support of a contingency operation.
- b. A covered employer also must grant an eligible employee who is a spouse, son, daughter, parent, or next of kin of a current member of the Armed Forces, including a member of the National Guard or Reserves, with a serious injury or illness up to a total of **26 workweeks of unpaid** leave during a "single 12-month period" to care for the servicemember. See Fact Sheet 28A for specific information regarding military family leave.
- c. Spouses employed by the same employer are limited in the amount of family leave they may take for the birth and care of a newborn child, placement of a child for adoption or foster care, or to care for a parent who has a serious health condition to a combined total of 12 weeks (or 26 weeks if leave to care for a covered servicemember with a serious injury or illness is also used). Leave for birth and care, or placement for adoption or foster care must conclude within 12 months of the birth or placement.
- d. Under some circumstances, employees may take FMLA leave intermittently - taking leave in separate blocks of time for a single qualifying reason - or on a reduced leave schedule - reducing the employee's usual weekly or daily work schedule. When leave is needed for planned medical treatment, the employee must make a reasonable effort to schedule treatment so as not to unduly disrupt the employer's operation. If FMLA leave is for birth and care or placement for adoption or foster care,

use of intermittent leave is subject to the employer's approval.

- e. Under certain conditions, employees or employers may choose to “substitute” (run concurrently) accrued paid leave (such as sick or vacation leave) to cover some or all of the FMLA leave. An employee's ability to substitute accrued paid leave is determined by the terms and conditions of the employer's normal leave policy.
- f. “Serious health condition” means an illness, injury, impairment, or physical or mental condition that involves either:
 - (1) Inpatient care (i.e., an overnight stay) in a hospital, hospice, or residential medical-care facility, including any period of incapacity (i.e., inability to work, attend school, or perform other regular daily activities) or subsequent treatment in connection with such inpatient care; or
 - (2) Continuing treatment by a health care provider which includes
 - i. A period of incapacity lasting more than three consecutive, full calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also includes:
 - treatment two or more times by or under the supervision of a health care provider (i.e., in-person visits, the first within 7 days and both within 30 days of the first day of incapacity); or
 - one treatment by a health care provider (i.e., an in-person visit within 7 days of the first day of incapacity) with a continuing regimen of treatment (e.g., prescription medication, physical therapy); or
 - ii. Any period of incapacity related to pregnancy or for prenatal care. A visit to the health care provider is not necessary for each absence; or

- iii. Any period of incapacity or treatment for a chronic serious health condition which continues over an extended period of time, requires periodic visits (at least twice a year) to a health care provider, and may involve occasional episodes of incapacity. A visit to a health care provider is not necessary for each absence; or
- iv. A period of incapacity that is permanent or long-term due to a condition for which treatment may not be effective. Only supervision by a health care provider is required, rather than active treatment; or
- v. Any absences to receive multiple treatments for restorative surgery or for a condition which would likely result in a period of incapacity of more than three days if not treated.

4. Maintenance of Health Benefits

A covered employer is required to maintain group health insurance for an employee on FMLA leave whenever such insurance was provided before the leave was taken and on the same terms as if the employee had continued to work. If applicable, arrangements will need to be made for employees to pay their share of health insurance premiums while on leave. In some instances, the employer may recover premiums it paid to maintain health coverage for an employee who fails to return to work from FMLA leave.

5. Job Restoration

a. Upon return from FMLA leave, an employee must be restored to the employee's original job, or to an equivalent job with equivalent pay, benefits, and other terms and conditions of employment. An employee's use of FMLA leave cannot result in the loss of any employment benefit that the employee earned or was entitled to before using FMLA leave, nor be counted against the employee under a "no fault" attendance policy. If a bonus or other payment, however, is based on the achievement of a specified goal such as hours worked, products sold, or perfect attendance, and the employee has not met the goal due to FMLA leave, payment may be denied unless it is paid to an employee on equivalent leave status for a reason that does not qualify as FMLA leave.

- b. An employee has no greater right to restoration or to other benefits and conditions of employment than if the employee has been continuously employed.

6. **Notice and Certification**

- a. Employee Notice. Employees seeking to use FMLA leave are required to provide 30-day advance notice of the need to take FMLA leave when the need is foreseeable and such notice is practicable. If leave is foreseeable less than 30 days in advance, the employee must provide notice as soon as practicable - generally, either the same or next business day. When the need for leave is not foreseeable, the employee must provide notice to the employer as soon as practicable under the facts and circumstances of the particular case. Absent unusual circumstances, employees must comply with the employer's usual and customary notice and procedural requirements for requesting leave.
- b. Employees must provide sufficient information for an employer reasonably to determine whether the FMLA may apply to the leave request. Depending on the situation, such information may include that the employee is incapacitated due to pregnancy, has been hospitalized overnight, is unable to perform the functions of the job, and/or that the employee or employee's qualifying family member is under the continuing care of a health care provider.
- c. When an employee seeks leave for a FMLA-qualifying reason for the first time, the employee need not expressly assert FMLA rights or even mention the FMLA. When an employee seeks leave, however, due to a FMLA-qualifying reason for which the employer has previously provided the employee FMLA-protected leave, the employee must specifically reference either the qualifying reason for leave or the need for FMLA leave.
- d. Employer Notice. Covered employers must post a notice approved by the Secretary of Labor explaining rights and responsibilities under FMLA. An employer that willfully violates this posting requirement may be subject to a fine of up to \$110 for each separate offense. Additionally, employers must either include this general notice in employee handbooks or other written guidance to employees concerning benefits, or must distribute a copy

of the notice to each new employee upon hiring.

- e. When an employee requests FMLA leave or the employer acquires knowledge that leave may be for a FMLA purpose, the employer must notify the employee of his or her eligibility to take leave, and inform the employee of his/her rights and responsibilities under FMLA. When the employer has enough information to determine that leave is being taken for a FMLA-qualifying reason, the employer must notify the employee that the leave is designated and will be counted as FMLA leave.
- f. Certification. Employers may require that an employee's request for leave due to a serious health condition affecting the employee or a covered family member be supported by a certification from a health care provider. An employer may require second or third medical opinions (at the employer's expense) and periodic recertification of a serious health condition. An employer may use a health care provider, a human resource professional, a leave administrator, or a management official - but not the employee's direct supervisor - to authenticate or clarify a medical certification of a serious health condition. An employer may have a uniformly-applied policy requiring employees returning from leave for their own serious health condition to submit a certification that they are able to resume work. If reasonable safety concerns exist, an employer may, under certain circumstances, require such a certification for employees returning from intermittent FMLA leave.

7. **Unlawful Acts**

It is unlawful for any employer to interfere with, restrain, or deny the exercise of any right provided by FMLA. It is also unlawful for an employer to discharge or discriminate against any individual for opposing any practice, or because of involvement in any proceeding, related to FMLA.

8. **Enforcement**

The Wage and Hour Division investigates complaints. If violations cannot be satisfactorily resolved, the U.S. Department of Labor may bring action in court to compel compliance. Individuals may also be able to bring a private civil action against an employer for violations.

9. Other Provisions

Special rules apply to employees of local education agencies. Generally, these rules apply to intermittent leave or when leave is required near the end of a school term.

Salaried executive, administrative, and professional employees of covered employers who meet the Fair Labor Standards Act (FLSA) criteria for exemption from minimum wage and overtime under Regulations, 29 CFR Part 541, do not lose their FLSA-exempt status by using any unpaid FMLA leave. This special exception to the “salary basis” requirements for FLSA’s exemption extends only to “eligible” employees’ use of leave required by FMLA.

D. FORWARD AIR CORPORATION’S FAMILY MEDICAL LEAVE POLICY

1. In compliance with the federal Family and Medical Leave Act (“FMLA”), the Company provides for eligible employees to take up to 12 weeks of family and medical leave during any 12 month period for one or more of the following reasons:

- to care for the employee’s newborn child, or as required in connection with the placement with the employee of a child for adoption or foster care; or
- to care for the employee’s immediate family member (spouse, child, or parent) with a serious health condition; or
- to take medical leave when the employee is unable to work because of the employee’s own serious health condition (including pregnancy) and unable to perform his or her job; or
- because of qualifying exigencies arising out of the fact that the spouse, son, daughter, or parent of the employee is on or has been notified of an impending call to active duty military service.

2. In addition, in compliance with the FMLA, the Company provides for eligible employees to take up to 26 weeks of job-protected “military caregiver leave” during a single 12 month period, as described below.

3. FMLA Eligibility Requirements

An eligible employee is defined as one who is classified as a regular full-time or regular part-time employee who has worked for the Company for at least a total of 12 months *and* who has worked a minimum of 1,250

hours in the 12 month period preceding the leave.

4. Employee Benefits During FMLA Leave

- a. Group benefits coverage will be maintained during FMLA and non-FMLA medical leave of absence, up to twelve (12) consecutive weeks of absence.
- b. An employee who wishes to maintain group coverage during the leave must continue to pay his or her portion of the premium for coverage, if any, on the same basis as if the employee had been continuously working during the leave. Payment of the employee's portion of the premium must be received by the Company by the date such payment would have been made through payroll deduction.
- c. Employees who fail to pay their portion of their health insurance premium for a period of at least thirty (30) days will be subject to the retroactive cancellation of these benefits. Those employees will be notified in writing of the risk of retroactive cancellation at least fifteen (15) days prior to the date of cancellation. This fifteen (15) day notification period may run concurrent with a portion of the above referenced thirty (30) day period so it is not necessary to wait a full thirty (30) days to issue the notice.
- d. In the event that an employee fails to return to work upon completion of an approved leave of absence for a reason other than the continuation, recurrence, or onset of a serious health condition or other circumstances beyond the employee's control, the employee must reimburse the Company for the entire cost of any premium payments made by the Company to maintain the employee's group coverage during the leave.

5. Designation of FMLA Leave

Generally, the Company will use the optional "Designation Notice" form issued by the U.S. Department of Labor to designate qualifying leave as FMLA leave. The Company has the legal right to designate FMLA-qualifying leave as FMLA leave, even if the employee does not wish it to be so designated. When the Company designates time off from work as FMLA leave, it will generally provide the employee with a copy of the optional "Notice of Eligibility and Rights & Responsibilities" form published by the U.S. Department of Labor.

6. Use of Paid Time Off During FMLA Leave

Employees will be required to use all accrued, unused vacation days, discretionary pay days (if applicable), or short term disability pay (if applicable) during any FMLA leave period. Once such benefits are exhausted, the balance of the leave will be without pay.

7. Calculation of the FMLA 12 Month “Leave Year” Period

Eligible employees may take up to 12 weeks of FMLA leave (or up to 26 weeks of military caregiver leave to care for a covered servicemember) during any 12 month period. The applicable 12 month “leave year” period is a “rolling” 12 month period measured backward from the date when an employee uses any FMLA leave. Thus, each time an employee takes FMLA leave, the employee’s remaining entitlement to FMLA leave will be the balance of any portion of FMLA leave that the employee has not used during the immediately preceding 12 months.

8. Military Caregiver Leave under the FMLA

Eligible employees may take up to 26 weeks of job-protected “military caregiver leave” during a single 12 month period. This leave must be used to care for a covered family member with a serious illness or injury that was incurred in the line of duty while on active duty in the armed forces, National Guard, or Reserves. In this context, a “covered family member” means a spouse, child, parent, or next of kin who is a “covered servicemember.” A covered servicemember is a person who is a member of the armed forces, National Guard, or Reserves and is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform the duties of the servicemember’s office, grade, rank, or rating. Former members of the armed forces, National Guard, or Reserves do not fall within the definition of “covered servicemembers.” Only current members of the armed forces, National Guard, or Reserves, or individuals who are on the temporary disability retired list, are included.

An employee’s entitlement to military caregiver leave is limited to 26 workweeks of leave within each 12 month period, per covered servicemember, per injury. Thus, an eligible employee may take 26 workweeks of military caregiver leave in different 12 month periods to care for multiple servicemembers or to care for the same servicemember with a subsequent serious injury or illness. The Company may, at its discretion, request that an employee seeking to take military caregiver leave provide a certification from the U.S. Department of Defense that the covered servicemember’s serious injury or illness was incurred in the line of duty while on active duty.

9. Qualifying Exigency Leave under the FMLA

Eligible employees may take up to 12 weeks of job-protected leave for a “qualifying exigency” arising from the employee’s spouse, child, or parent who is in the National Guard or Reserves being notified of an impending federal call or order to active duty in the armed forces in support of a contingency operation. There are eight situations when qualifying exigency leave may be taken:

- a. in “short-notice deployment” situations, where a covered military member is notified of an impending call or order to active duty 7 or fewer days from the date of deployment, in which case an eligible employee may take military exigency leave for a period of 7 days beginning on the date when the covered military member is notified of the impending deployment;
- b. to attend military events, ceremonies, or programs sponsored by the military that are related to the active duty or the call to active duty of a covered military member, or to attend similarly related family support or assistance programs or informational briefings sponsored or promoted by the military;
- c. for certain childcare and school activities necessitated by active duty or the call to active duty status of a covered military member, including to arrange for alternative childcare, to provide childcare on an urgent, emergency need (but not routine, regular, or everyday) basis, to enroll or transfer a child in a new school or day care facility, or to attend meetings with school or day care staff;
- d. to make or update financial or legal arrangements to address a covered military member’s absence while on active duty;
- e. to attend certain counseling arising from active duty or the call to active duty status of a covered military member;
- f. to spend time with a covered military member who is on a short-term, temporary rest and recuperation leave during a period of deployment;
- g. to attend certain post-deployment activities, such as arrival ceremonies and reintegration briefings, and to address issues arising from the death of a covered military member while on active duty status; and
- h. for certain additional activities arising out of a covered military member’s active duty or call to active duty where the

employer and employee both agree on the timing and duration of the leave.

Qualifying exigency military leave is not available to family members of soldiers in the regular armed forces, or in cases where the call to active duty comes from a state rather than the federal government.

10. Information that Must Be Submitted by Employees in Connection with FMLA Leave

Employees who take FMLA leave are expected to provide a completed, signed certification from a health care provider demonstrating that the leave is medically necessary and covered by the FMLA. In obtaining this certification, employees are expected to use one of the forms published by the U.S. Department of Labor for this purpose, copies of which are available from the Company's human resources department upon request from the employee. There are four such forms, each of which has a specific use. Employees who wish to take FMLA leave because of their own serious health condition (including pregnancy) that makes them unable to perform their job duties should use the "Certification of Serious Health Condition – Employee's Own Condition" form (Form WH-380-E). Employees who wish to take FMLA leave to care for a seriously ill spouse, son, daughter, or parent based on medical necessity should use the "Certification of Serious Health Condition – Employee's Family Member's Condition" form (Form WH-380-F). Employees who wish to take military caregiver FMLA leave to care for a covered family member who is a covered servicemember with a serious illness or injury incurred in the line of duty while on active duty in the armed forces, National Guard, or Reserves should use the "Certification for Serious Injury or Illness of Covered Servicemember" form (Form WH-385). Employees who wish to take FMLA leave based on a qualifying military exigency should use the "Certification Qualifying Exigency" form (Form WH-384). An employee's failure to submit a completed certification form to the Company prior to the commencement of a foreseeable leave may result in the leave being denied or delay the commencement of the leave. If an employee fails to submit a completed certification form to the Company within a reasonable time (generally, within 15 days) after the commencement of an unexpected leave, the Company may deny the FMLA leave, including the FMLA's reinstatement protections.

The Company may, in its discretion, seek clarification and authentication of completed certification forms. The Company may also require that employees take appropriate steps to cure deficiencies in any certification form within 7 days. Employees requesting an FMLA leave may be required to provide the Company with subsequent recertifications of their continued serious health condition and inability to work as permitted by the FMLA. This includes recertification of ongoing conditions at least every 6 months in conjunctions with an absence, and more frequently in some

instances. For medical conditions that last longer than a single leave year, the Company may request that employees who wish to use FMLA leave for that ongoing condition provide a new medical certification each leave year. Employees who wish to return to work from an FMLA leave occasioned by their own serious health condition must first provide the Company with a certification from a health care provider stating that they are fit to return to work. Under certain circumstances, the Company may require that this certification state that the employee can perform all of the essential functions listed in their job description. Where reasonable job safety concerns exist, the Company may also require that employees who wish to return to work from intermittent FMLA leave provide certification from a health care provider that they are fit to return to work. Under certain circumstances permitted by the FMLA, employees may also be required to cooperate with the Company's request for a second or third opinion from health care providers designated by the Company at its discretion and expense for purposes of confirming eligibility for FMLA leave. The Company may also require an employee on FMLA leave to report periodically on his or her status and intent to return to work.

11. FMLA Notice Requirements

Generally, employees must follow the Company's usual and customary notice procedures when they request a leave of absence, including an FMLA leave. If a requested FMLA leave is planned in advance or is reasonably foreseeable, the employee must provide the Company with at least 30 days notice prior to the anticipated leave date. If the leave is unexpected or is not reasonably foreseeable until less than 30 days in advance, then the employee should notify the Company as soon as is practicable. This should normally be the same day or the next business day after the employee becomes aware of the need for the leave. If an employee does not provide at least 30 days advance notice of the need to take a foreseeable FMLA leave, the Company may ask the employee to explain why it was not practicable to provide 30 days notice.

12. Consecutive and Intermittent FMLA Leave

Leave taken to care for a child after birth, adoption, or placement in an employee's home for foster care must be taken in consecutive workweeks. Leave taken for the employee's or a covered family member's serious health condition; leave that is taken because of qualifying exigencies arising out of the fact that the spouse, son, daughter, or parent of the employee is on or has been notified of an impending call to active duty military service; or leave that is medically necessary to care for a covered servicemember as described above; may be taken consecutively, intermittently, or on a reduced work/leave schedule based on certified medical necessity. Employees must make a reasonable effort to schedule leave for planned, medically necessary treatment so that it will not unnecessarily or unduly disrupt the Company's operations.

13. Conditions for Returning to Work and Reinstatement Rights Following FMLA Leave

Before an employee on an FMLA leave for his or her own serious health condition (including pregnancy) will be permitted to return from leave, the employee will be required to present the Company with a statement from the employee's health care provider certifying that he or she is able to resume work and perform the essential functions of his or her position, with or without reasonable accommodation. Where required, the Company will consider making reasonable accommodation for any disability an employee may have in accordance with applicable law.

Eligible employees are entitled, on timely return from FMLA leave, to be reinstated to their former positions or an equivalent position with equivalent employment benefits, pay, and other terms and conditions of employment. Exceptions to this provision may apply if business circumstances have changed (for example, if the employee's position is no longer available due to a job elimination). Exceptions may also apply for certain highly compensated "key" employees under certain conditions. Employees who are on a leave extension beyond the period of job-protected leave provided by the FMLA are not guaranteed reinstatement.

14. FMLA Leave Requests from Spouses Who Are Both Company Employees

Information on rules that apply where two spouses both work for the Company and wish to take FMLA leave during the same 12 month period is available from human resources.

15. Return from Leave

- a. Employees on leave of absence must periodically report on their status and intent to return to work.
- b. The Company may require any employee returning from leave for medical reasons to obtain and present a current medical certification that the employee is able to resume work. Such certification must be provided prior to return to work.
- c. Employees who fail to report to work when released to do so by a health care provider, or who fail to accept an available position upon release from a health care provider, will be subject to termination.
- d. Light duty positions will not normally be created for employees who cannot perform the essential functions of a regular position. However, where an employee returning from an on-the-job injury is released to return to work with restrictions, the Company may, in its sole discretion, create temporary assignments for that employee in order to assist the employee in his or her return to work (see Restricted or Limited Duty Policy in this Policy Manual). Such light duty assignments will usually not extend beyond thirty (30) days. If the employee has still not been released by a health care provider to perform the essential functions of an available regular position at the end of thirty (30) days of temporary assignments, the employee may be placed back on FMLA leave or personal leave, if available.

16. Additional Company Responsibilities

- a. Federal regulations make the Company responsible for designating leave as FMLA leave if an employee provides information sufficient to identify it as such. This is true even if the employee does not specifically mention FMLA leave. When in doubt supervisors should question employees about the nature of their absence in order to determine whether it is to be classified as FMLA leave.
- b. Every request for FMLA leave must be responded to on **Form WH-381**, a copy of which is attached to this policy. Occasionally employees return to work from an FMLA covered leave but subsequently have to take additional leave because of a recurrence of the problem that caused the initial absence or for other reasons. If the subsequent

absence appears to be covered by FMLA or if the employee requests FMLA leave then **Form WH-381** must again be completed.

17. Miscellaneous

This policy will be administered in accordance with the Family and Medical Leave Act and any applicable state law.

Appendix D
Notice of Eligibility and Rights & Responsibilities
(Family and Medical Leave Act)

U.S. Department of
Labor
Employment Standards

U.S. Wage and Hour Division
OMB Control Number 1215-0181
Expires XX/XX/XXX

In general, to be eligible an employee must have worked for an employer for at least 12 months, have worked at least 1,250 hours in the 12 months preceding the leave, and work at a site with at least 50 employees within 75 miles. While use of this form by employers is optional, a fully completed Form WH-381 provides employees with the information required by 29 C.F.R. § 825.300(b), which must be provided within five business days of the employee notifying the employer of the need for FMLA leave. Part B provides employees with information regarding their rights and responsibilities for taking FMLA leave, as required by 29 C.F.R. § 825.300(b), (c).

[Part A - NOTICE OF ELIGIBILITY]

TO: _____
Employee

FROM: _____
Employer Representative

DATE: _____

On _____, you informed us that you needed leave beginning

on _____ for:

_____ The birth of a child, or placement of a child with you for adoption or foster care;

_____ Your own serious health condition;

_____ Because you are needed to care for your _____ spouse; _____ child; _____ parent due to his/her serious health condition.

_____ Because of a qualifying exigency arising out of the fact that your _____ spouse; _____ son or daughter; _____ parent is on active duty or call to active duty status in support of a contingency operation as a member of the National Guard or Reserves.

_____ Because you are the _____ spouse; _____ son or daughter; _____ parent; _____ next of kin of a covered servicemember with a serious injury or illness.

This Notice is to inform you that you:

_____ Are eligible for FMLA leave (See Part B below for Rights and Responsibilities)

_____ Are not eligible for FMLA leave, because (only one reason need be checked, although you may not be eligible for other reasons):

_____ You have not met the FMLA's 12-month length of service requirement. As of the first date of requested leave, you will have worked approximately _____ months towards this requirement.

_____ You have not met the FMLA's 1,250-hours-worked requirement.

_____ You do not work and/or report to a site with 50 or more employees within 75-miles.

If you have any questions, contact _____ or view the FMLA poster located in _____.

[PART B - RIGHTS AND RESPONSIBILITIES FOR TAKING FMLA LEAVE]

As explained in Part A, you meet the eligibility requirements for taking FMLA leave and still have FMLA leave available in the applicable 12-month period. **However, in order for us to determine whether your absence qualifies as FMLA leave, you must return the following information to us by _____.** (If a certification is requested, employers must allow at least 15 calendar days from receipt of this notice; additional time may be required in some circumstances.) If sufficient information is not provided in a timely manner, your leave may be denied.

_____ Sufficient certification to support your request for FMLA leave. A certification form that sets forth the information necessary to support your request _____ is/ _____ is not enclosed.

_____ Sufficient documentation to establish the required relationship between you and your family member.

_____ Other information needed: _____

_____ No additional information requested

If your leave does qualify as FMLA leave you will have the following **responsibilities** while on FMLA leave (only checked blanks apply):

_____ Contact _____ at _____ to make arrangements to continue to make your share of the premium payments on your health insurance to maintain health benefits while you are on leave. You have a minimum 30-day (or, indicate longer period, if applicable) grace period in which to make premium payments. If payment is not made timely, your group health insurance may be cancelled, provided we notify you in writing at least 15 days before the date that your health coverage will lapse, or, at our option, we may pay your share of the premiums during FMLA leave, and recover these payments from you upon your return to work.

_____ You will be required to use your available paid _____ **sick**, _____ **vacation**, and/or _____ **other leave** during your FMLA absence. This means that you will receive your paid leave and the leave will also be considered protected FMLA leave and counted against your FMLA leave entitlement.

_____ Due to your status within the company, you are considered a "key employee" as defined in the FMLA. As a "key employee," restoration to employment may be denied following FMLA leave on the grounds that such restoration will cause substantial and grievous economic injury to us. We _____ **have/** _____ **have not** determined that restoring you to employment at the conclusion of FMLA leave will cause substantial and grievous economic harm to us.

_____ While on leave you will be required to furnish us with periodic reports of your status and intent to return to work every _____ (Indicate interval of periodic reports as appropriate for the particular leave situation).

If the circumstances of your leave change, and you are able to return to work earlier than the date indicated on the reverse side of this form, you will be required to notify us at least two workdays prior to the date you intend to report for work.

If your leave does qualify as FMLA leave you will have the following **rights** while on FMLA leave:

- You have a right under the FMLA for up to 12 weeks of unpaid leave in a 12-month period calculated as:
 - _____ the calendar year (January - December).
 - _____ a fixed leave year based on _____.
 - _____ the 12-month period measured forward from the date of your first FMLA leave usage.
 - _____ a "rolling" 12-month period measured backward front the date of any FMLA leave usage.
- You have a right under the FMLA for up to 26 weeks of unpaid leave in a single 12-month period

to care for a covered servicemember with a serious injury or illness. This single 12-month period commenced on _____.

- Your health benefits must be maintained during any period of unpaid leave under the same conditions as if you continued to work.
- You must be reinstated to the same or an equivalent job with the same pay, benefits, and terms and conditions of employment on your return from FMLA-protected leave. (If your leave extends beyond the end of your FMLA entitlement, you do not have return rights under FMLA.)
- If you do not return to work following FMLA leave for a reason other than: 1) the continuation, recurrence, or onset of a serious health condition which would entitle you to FMLA leave; 2) the continuation, recurrence, or onset of a covered servicemember's serious injury or illness which would entitle you to FMLA leave; or 3) other circumstances beyond your control, you may be required to reimburse us for our share of health insurance premiums paid on your behalf during your FMLA leave.
- If we have not informed you above that you must use accrued paid leave while taking your unpaid FMLA leave entitlement, you have the right to have _____ **sick**, _____ **vacation**, and/or _____ **other leave** run concurrently with your unpaid leave entitlement, provided you meet any applicable requirements of the leave policy. Applicable conditions related to the substitution of paid leave are referenced or set forth below. If you do not meet the requirements for taking paid leave, you remain entitled to take unpaid FMLA leave.

_____ For a copy of conditions applicable to sick/vacation/other leave usage please refer to _____ available at _____.

_____ Applicable conditions for use of paid leave: _____

Once we obtain the information from you as specified above, we will inform you, within 5 business days, whether your leave will be designated as FMLA leave and count towards your FMLA leave entitlement. If you have any questions, please do not hesitate to contact:

_____ at _____.

PAPERWORK REDUCTION ACT NOTICE AND PUBLIC BURDEN STATEMENT

It is mandatory for employers to provide employees with notice of their eligibility for FMLA protection and their rights and responsibilities. 29 U.S.C. § 2617; 29 C.F.R. § 825.300(b), (c). It is mandatory for employers to retain a copy of this disclosure in their records for three years. 29 U.S.C. § 2616; 29 C.F.R. § 825.500. Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. The Department of Labor estimates that it will take an average of 10 minutes for respondents to complete this collection of information, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have any comments regarding this burden estimate or any other aspect of this collection information, including suggestions for reducing this burden, send them to the Administrator, Wage and Hour Division, U.S. Department of Labor, Room S-3502, 200 Constitution Ave., NW, Washington, D.C. 20210. **DO NOT SEND THE COMPLETED FORM TO THE WAGE AND HOUR DIVISION.**

FORWARD AIR CORPORATION

Subject: VACATION AND DISCRETIONARY TIME

I. POLICY

The Company grants vacation time off with pay to regular, full-time employees according to their continuous length of service with the Company. The criteria for receipt of vacation time is specified below.

II. PROCEDURES/INSTRUCTIONS

A. AMOUNT OF VACATION

1. Regular Full-Time employees

Vacations are based upon the employee's anniversary date of hire, continuous length of service or as negotiated and approved at the time of hire.

2. Currently, an employee is eligible to accrue vacation as set forth below:

<u>Years of Continuous Service</u>	<u>Paid Vacation Allowance</u>
Less than 1 year	None
1	(1 week)
2 – 4	(2 weeks)
5+	(3 weeks)

3. Vacation is awarded at the completion of each year of continuous service.

4. Vacation does not accrue during leaves of absence (e.g., if an employee with one full year of employment is out of work on a leave of absence for four weeks during his/her first year, then the employee will only have accrued 36.96 hours of vacation for use in year two).

B. ELIGIBILITY

1. Vacation eligibility applies to all regular, full-time employees.

2. After the first year of employment, vacations must be taken in the year they are earned, unless applicable state law provides otherwise.

3. Department Managers are to ensure that employees do not utilize more than the maximum vacation award allowed.
4. Employees who have been required to cancel or postpone all or part of their vacations will be allowed to carry forward the unused vacation time into the next year with a definite plan approved by his or her supervisor for taking such unused vacation as soon as practical.
5. When possible, vacation requests should be submitted to the appropriate Department Manager at least two (2) weeks in advance for proper consideration.

C. VACATION PAY

1. Hourly nonexempt employees will receive vacation pay equal to their current hourly base rate as of the date the vacation is taken.
2. Salaried exempt and nonexempt employees will be paid equivalent to their normal weekly salary.
3. Due to unforeseen circumstances during an employee's scheduled vacation, e.g., accident or unexpected illness, accrued discretionary leave may be used in lieu of vacation. However, the employee must make proper notification of this development and provide medical certification of the illness or other disability.

D. VACATION SCHEDULING

1. Vacations will be scheduled by each Department Manager with due consideration given to customer needs, operational requirements, employee length of service, and employee preference.
2. Vacation time should preferably be taken in at least 5-day increments. However, employees will be allowed the privilege of taking vacation in one (1) day increments when necessary and with approval of the Terminal Manager or Department Manager.

E. DISCRETIONARY HOURS

1. Regular Full-Time Employees

After one year of continuous service, an employee is eligible to take up to 16 hours of paid discretionary time (as accrued) for time off due to sickness, injury or other reasons which could lead to an absence.

2. Employees do not accrue discretionary hours during leaves of absence.
3. Any unused discretionary time may be carried over to the next year. Employees may accumulate a maximum of up to 160 hours of paid discretionary leave.
4. The Company will not pay for any unused discretionary hours at the time of termination.

F. TERMINATED EMPLOYEES

1. Full-time employees who have completed at least one year of employment and are terminated (regardless of the reason) will receive pay in lieu of all awarded, unused vacation as of the date of separation.
2. In the event of a termination due to death, pay for all awarded, unused vacation time up to the employee's separation will be made to the beneficiary or estate of the deceased employee.

V. SAFETY AND HEALTH

FORWARD AIR CORPORATION

Subject: ACCIDENTS AND INJURIES

I. POLICY

The Company is committed to the protection of our employees while in the course of daily work responsibilities. The Company emphasizes the importance of safe work practices and has developed programs that focus on safe work practices in order to maintain a safety conscience culture within our organization.

II. PROCEDURES

- A. Anytime an employee receives an injury while at work, whether or not requiring medical treatment, he or she must report it immediately to his/her supervisor. If the employee's immediate supervisor is not available, the employee should report the accident or injury to any supervisor in the immediate area. A failure to report a work-related injury as provided in this section may affect employee's rights to workers' compensation benefits.
- B. All accidents and injuries must be reported in writing by a supervisor on the Company's First Report of Injury form and on the Company's inFa.net. This form is readily available at all Company locations. The completed first report of injury form should be provided to the Terminal or Station Manager on the same day the injury occurs or is reported. The Terminal Manager is responsible for sending the completed form to the Company's Safety Department on the same day he or she receives it.
- C. The supervisor who receives a report of an injury must also immediately begin an accident investigation within 24 hours after the accident or injury occurs. The supervisor must complete the accident investigation section of the Company's First Report of Injury form upon completion of the investigation or within 48 hours. Any injury occurring on or off premises and during the course of employment, regardless of how slight, must be reported to the Terminal Manager or Department Manager or if he/she is not available, any other member of management as soon as possible. The accident investigation report should be turned in to the Company's Safety Department.
- D. Transportation - If a serious injury occurs, the Terminal Manager will make arrangements for an ambulance to transport the employee to either the hospital or the physician's office.
- E. Pay For Day of Injury/Treatment - When an on-the-job accident occurs to an hourly employee that requires the employee to leave Company

property for professional medical treatment, the employee will be paid the normal scheduled work day up to a maximum of 8 hours. (Employees will be paid their straight-time hourly rate for this day.)

1. Employees will not be paid their wages for any absence from work occurring after the first day of medical treatment. The employee, however, may receive compensation, if eligible, through Worker's Compensation Insurance provided by the Company if properly authorized.
- F. When an on-the-job injury or illness requires a physician's attention and the employee is instructed not to return to work, the employee must report to his or her supervisor regarding the physician's instructions. The supervisor would then immediately notify the Company's Workers' Compensation Manager.
- G. When an employee is examined by a physician, or at the emergency room, the physician will give a written report to the employee stating whether the employee should return to work, and if there are any limitations in the type of work the employee can do. The employee must provide this report to his or her supervisor. A copy of this report should be obtained by the supervisor from the returning employee before the employee is allowed to begin work and should be immediately forwarded by facsimile to the Company's Workers' Compensation Manager. Thereafter, the supervisor should turn in the report to his or her Terminal Manager, or in the case of an employee working in a department that does not report to a Terminal Manager, to the head of the employee's department. If there are any questions concerning the employee's ability to return to work, any limitations, or any questions regarding the release, the Workers' Compensation Manager should be contacted immediately, before the employee returns to work.
- H. Failure to cooperate with the Company in determining fitness for duty, including the prompt submission of any medical or other records the Company deems appropriate, or the failure to promptly take or seek treatment as recommended by the Company, its physician, or other treating physicians, may subject the employee to immediate dismissal.
- J. All accidents involving a Company owned or leased vehicle should be reported pursuant to the Accident Reporting Procedures located in the FAF, Inc. Permit Book. All non-vehicular accidents involving a non-employee, whether resulting in property damage or personal injury, should be reported on the Company's Accident/Property Damage Report Form and should be faxed to the Liability Claims Unit in Greeneville, TN at 423-636-7282 with a copy to the Company's Safety Department.

FORWARD AIR CORPORATION

Subject: LOSS CONTROL/SAFETY PROGRAM

I. POLICY

It is the goal of the Company to provide a safe and healthful work environment for employees and the general public. The Company is committed to the protection of employees while in the course of daily work responsibilities. The Company emphasizes the importance of safe work practices while operating forklifts, handling freight and/or driving company equipment. The Company has developed a loss control/safety program that focuses on safe work practices in order to maintain a safety-conscious culture within our organization. The Company expects all employees to abide by the rules of the Company's safety and loss control program. Some of these rules are contained within this Policy. Additional rules, procedures and requirements of the Company's loss control/safety program are included in documents, training programs, and other literature provided to employees from time to time. The Company's loss control/safety program is intended to ensure compliance with all local, state and federal safety and health requirements. Employee compliance with this program is mandatory.

Purpose and Scope

The Company's loss control and safety program includes an emphasis on the unique issues found in the Company's industry. The components of this program include awareness of the hazards, the use of appropriate equipment, safe work practices, evaluation of the employee's knowledge of these safe work practices, and counseling. It is the Company's conviction that most accidents have a cause and can be prevented or minimized.

The Company will work diligently to provide equipment and training necessary for employees to do their jobs safely. The Company expects employees to do everything within their power to safeguard themselves, their fellow employees, and all equipment used in the performance of their jobs.

II. PROCEDURES/INSTRUCTIONS

A. Intent

This program is designed to accomplish the following goals:

1. Provide a workplace free of unnecessary mechanical and physical hazards.
2. Eliminate unsafe work habits, procedures and practices.
3. Provide adequate training for all employees.

4. Recognize that all unintended occurrences are accidents. Provide a prompt and thorough investigation of each accident to determine why it occurred, and to assure that prompt and appropriate corrective action is taken.

B. Management Responsibility

1. Help initiate and continuously support all loss control/safety activities. Require compliance as needed.
2. Audit the entire loss control/safety program on a regular basis. Compare existing practices with program requirements. Make improvements or adjustments as needed.
3. Be aware of legislative changes, industry practices and outside recommendations which may improve the loss control/safety program. Make changes as needed.
4. Provide resources necessary to assist the Company's Safety Department.

C. Risk Management-Responsibilities

The Vice President of Safety along with the Company's operations management personnel are responsible for the following:

1. Establish the overall Company loss control/safety program in compliance with standards and regulations established by the federal Occupational Safety and Health Administration, the various state Worker's Compensation Commissions, the Department of Transportation and professional loss control recommendations.
2. Oversee the overall implementation of the Company's loss control/safety program.
3. Maintain satisfactory communications regarding the loss control/safety program by conducting inspections, obtaining or providing reports, and conducting meetings with designated Company representatives as necessary.
4. Examine financial expenditures for worker's compensation losses and for loss control services to ensure that recommendations are followed and carried out so the Company can get the maximum utilization of the services purchased.

5. Administer the Company's workers' compensation program, which includes the following non-exhaustive list of duties:
 - a. Make loss control recommendations based on the latest available data from federal and state enforcement agencies, as well as professional loss control recommendations.
 - b. Analyze the function of the Company Safety Department and make recommendations for improvement as needed.
 - c. Assist the Safety Department by the implementation of inspections, training programs and investigations as circumstances dictate.
 - d. Be aware of changes in federal and state requirements as they pertain to the Company's loss control/safety program and communicate these changes to the proper personnel.
 - e. Determine loss exposure that will respond to existing or available loss control techniques or activities.
 - f. Arrange and coordinate the services of professional loss control consultants, legal experts, and other specialists as needed to assess and improve the Company loss control/safety program.
6. Promptly and personally follow up on all recommendations which are generated by inspections, made by employee suggestions or complaints, that arise from accident investigations, or from any other source.

D. Terminal Manager, Department Manager and Supervisor Responsibilities

1. Enforce safe work practices, maintain safe working conditions, and ensure compliance with established Company policies, rules and procedures.
2. Support the Safety Department within the Company and allocate the time, manpower and resources necessary for the safety function. These functions include, but are not limited to, regular safety meetings, inspections, accident investigations, accident review committees, and management/employee training programs.

3. Help evaluate the loss control/safety program and make suggestions for improvements and adjustments where justified by employee safety considerations.
4. Ensure that all new employees are properly trained on the equipment upon which they will be working prior to working around this equipment.
5. Issue the proper equipment for the safe operation of the equipment.
6. Observe and monitor employees while working to ensure that safe work practices are followed.
7. Give immediate oral and/or written feedback to employees who are observed violating safe work practices, and commending employees who are observed consistently following safety procedures.
8. Ensure that monthly safety topics are reviewed with all employees and required refresher training is provided.
9. Set a good example by personally complying with all program requirements.
10. Encourage employee interest and participation in safety control efforts and programming.
11. Promptly inform management of any problems related to safety.
12. Initiate an accident investigation as soon as possible after an accident has occurred.
13. Provide for immediate and appropriate medical attention for any injured employee.
14. Correct any observed unsafe acts or unsafe conditions.
15. Promptly and personally follow up on all recommendations which are generated by inspections, made by employee suggestions or complaints, that arise from accident investigations, or from any other source.

E. Employee Responsibilities

1. Perform their jobs in accordance with all safe operating procedures provided by the Company.
2. Immediately report or correct any unsafe act or condition. Report any corrections made to immediate supervisor.
3. Report all accidents to immediate supervisor promptly, (or to central dispatch if injury occurs after hours) without regard to injury or damage severity.
4. Attend all safety training and education meetings.

F. New Hires

1. Complete an employment application.
2. Obtain negative drug screening.
3. Complete the Hazard Communication training within 90 days from the date of hire.
4. Have a job orientation provided by the supervisor.
5. Provide appropriate training for all aspects of the employee's job.
6. Obtain forklift and freight handling certifications by completing the required programs and training prior to beginning forklift freight handling duties.
7. For DOT regulated employees, complete FMSCR safety instruction as detailed in the driver manuals and training programs.

G. Accident Investigation

1. Investigate all accidents immediately after the occurrence.
2. For a major accident, preserve all evidence until cleared by the claims representative and/or Company attorney.

3. Determine all immediate and basic accident causes. Consider all possible unsafe acts and unsafe conditions.
4. Document the investigation.
5. Evaluate accident trends on a regular basis.
6. Refer to the Accident Investigation prompts and forms for additional details.

H. Hazard Communication

1. A written program description is to be maintained by the Company's Safety Department.
2. All new hires are to be trained, at a minimum, on the complete Hazard Communication program and additional programs required by the Safety Department within 90 days from the date of hire.
3. Material safety data sheets will be obtained on all chemicals used by the Company.
4. A MSDS (material safety data sheet) file is to be maintained and available to all employees. A central file for all material safety data sheets is to be maintained in the general office area.
5. All chemical containers are to be labeled with the chemical name, health, fire and reactivity hazards, and the required personal protective equipment to be used when handling the chemical.

I. Evacuation Procedures

1. Evacuation procedures consistent with OSHA requirements are in place at all of the Company's locations and are posted in conspicuous areas in the facility as required by OSHA

J. Safety Meetings

1. The schedule for safety meetings at a particular Company terminal are set by each individual Terminal Manager, but shall be held, at a minimum, on a monthly basis.
2. Supervisor meetings will normally be conducted by the Department Manager.
3. Meeting records shall be kept, including attendance and subjects discussed.
4. Supervisors will conduct safety meetings with their employees and will also make a record of employees in attendance.
5. Meeting subjects should include training and retraining topics including hazard communication, personal protective equipment, accident investigation reviews, safety goals, vehicle security, winter driving, and any other relevant topics.

N. Fire Safety

1. Fire safety and prevention procedures shall be established by each individual Company location and shall be posted in conspicuous areas in the facility.
2. Fire hoses and extinguishers shall be inspected monthly.
3. The sprinkler system shall be inspected by designated employees on a regular basis. Fire hoses shall be field tested once a year. Post indicator valves shall be inspected weekly.
4. Written reports shall be made and appropriately filed on all fires requiring the use of extinguishers or hoses.

FORWARD AIR CORPORATION

Subject: FIREARMS/WEAPONS

I. POLICY

Subject to applicable state law, no employee is permitted to possess, carry or conceal a weapon on Company property. The term weapon includes any type of firearm, fireworks, dangerous knives, or other objects that could be used to inflict serious injury. Violation of this policy may result in immediate termination.

FORWARD AIR CORPORATION

Subject: POSSESSION, USE, AND TESTING FOR DRUGS AND ALCOHOL

I. POLICY

The Company prohibits all employees from reporting to work having used illegal or unauthorized drugs or reporting under the influence of alcohol as determined by abnormal behavior and/or a positive drug-alcohol screening test, regardless of when or where the prohibited substance entered the person's system. The possession, use, consumption or sale of alcoholic beverages, illegal or unauthorized drugs or other controlled substances while on the Company's premises is strictly prohibited as well.

Additionally, all applicants and employees will be required as a condition of employment to submit to requested drug-alcohol testing from time to time. Such testing will be performed in accordance with this policy and within the requirements of applicable law.

II. REASON FOR THIS POLICY

The Company is committed to maintaining a work environment that is safe for our employees and other people having business with the Company, and is conducive to attaining high work standards. With the equipment and type of jobs at our Company, the use of illegal or unauthorized drugs and alcoholic beverages are a critical threat to our safety program and overall working environment. We must also keep in mind that, federal regulations require that we have a mandatory drug testing program for certain employees.

It is not our intention to catch an individual doing something wrong. Rather, our intention is to discourage the use and possession of these prohibited substances in order to protect the life, health, and property of everyone working here. It is only those who abuse this policy that need to be concerned. In implementing this policy, the Company will be sensitive to the legitimate concerns of our many law-abiding employees who are always in compliance with our policies, but are worried about having their personal belongings searched or privacy violated.

III. PROHIBITED ITEMS AND SUBSTANCES

The items and substances prohibited by this policy include, but are not limited to illegal drugs or other mind or mood-altering substances which can affect or hamper the senses, emotions, reflexes, judgment, or other physical or mental activities, alcoholic beverages, "look-alike" substances, inhalants, prescription drugs that have not been authorized as set forth below, and equipment, paraphernalia or literature related to illegal drug or substance use.

IV. PRESCRIPTION DRUGS

- A. Employees may maintain prescription drugs on Company premises provided the following conditions have been met:
 - 1. The drugs have been prescribed by a licensed physician for the person in possession of the drugs;
 - 2. The drugs are kept in their original container; and
 - 3. The employee has notified his or her supervisor concerning the prescription drugs and has returned a "medication authorization" form completed by the employee's physician to the employee's supervisor.
- B. If an employee is taking a prescription drug that may affect the employee's ability to safely function on the job, then the employee should notify his or her supervisor, regardless of whether or not the employee maintains the drug on Company premises. Any drugs found in an employee's possession that have not been reported pursuant to these procedures will be deemed unauthorized.

V. ENFORCEMENT OF THIS POLICY

Every employee is expected to comply with this policy for his or her own safety, for the safety of other employees and for the good of the Company. Therefore, in order to ensure compliance with this policy, the Company will from time to time take one or more of the following steps:

- A. Searches of Company premises and property, including employees and others on the Company's premises, and the personal effects and vehicles of such persons;

(The term Company premises as used in this policy covers all company owned or leased property and facilities, including all docks, parking lots, offices, desks, lockers, trucks and trailers or other vehicles engaged in Company operations.)
- B. Confiscation of prohibited items and substances, and where appropriate, delivery of such items to law enforcement authorities;
- C. Urine drug screen tests, breath tests, blood tests, and other investigative examinations of such persons involved in accidents on or off the premises, and as part of routine pre-employment physical examinations;
- D. Urine drug screen tests, breath tests and/or blood tests of applicants post offer of employment but prior to commencing employment.

E. Urine drug screen tests when the Company has a reasonable suspicion that alcohol, illegal drugs, or other prohibited substances may be present. 'Reasonable suspicion' is based on a belief that an employee is using or has used drugs or alcohol in violation of the employer's policy drawn from specific objective and articulable facts and reasonable inferences drawn from those facts in light of experience. Among other things, such facts and inferences may be based upon, but not limited to, the following:

1. Observable phenomena while at work such as direct observation of substance abuse or of the physical symptoms or manifestations of being impaired due to substance abuse;
2. Abnormal conduct or erratic behavior while at work or a significant deterioration in work performance;
3. A report of substance abuse provided by a reliable and credible source;
4. Evidence that an individual has tampered with any substance abuse test during his or her employment with the current employer;
5. Information that an employee has been involved in, has caused or contributed to an accident while at work; or
6. Evidence that an employee has used, possessed, sold, solicited, or transferred drugs while working or while on the employer's premises or while operating the employer's vehicle, machinery, or equipment.

E. Urine drug screen tests conducted on a random, unannounced basis.

F. Urine drug screen tests and other investigative examinations of persons who have previously tested positive for drugs or alcohol usage in violation of this policy or refused to submit to testing.

VI. EMPLOYEES FOUND IN VIOLATION OF THIS POLICY

Any employee found in possession of any of the items or substances prohibited by this policy will be removed from Company premises and will be subject to disciplinary action, up to and including discharge. Any employee who, as a result of testing, is found to have identifiable levels of a prohibitive drug or substance in his or her system, regardless of when or where the drug or substance entered the employee's system, will be considered in violation of this policy, will be removed from Company premises, and will be subject to disciplinary action, including discharge.

VII. REFUSAL TO COMPLY WITH SEARCH, TEST OR INVESTIGATION

Any employee who refuses to comply with a search, test or otherwise cooperate with an investigation concerning this policy will be subject to removal from Company premises and to disciplinary action up to and including discharge.

VIII. REPORTING TO WORK UNDER THE INFLUENCE OF ALCOHOLIC BEVERAGES OR AFTER HAVING USED ILLEGAL DRUGS OR OTHER PROHIBITED SUBSTANCES

Any employee who reports to work under the influence of alcoholic beverages or after having used illegal drugs or other prohibited substances will be subject to removal from Company premises and to disciplinary action, including discharge.

IX. CONTRACTORS AND THIRD PARTIES

All contractors or third parties on Company premises will be subject to this policy. Any such individual found in violation of this policy will be subject to immediate removal from the premises. Furthermore, violation of this policy by a contractor or vendor may cause the cancellation of the contract or services agreement between the Company and the contractor/vendor.

X. DRUG AWARENESS PROGRAM

All employees and supervisory personnel will participate in the Company's Employee Drug Awareness Program. The Employee Drug Awareness Program includes education and training on drug and alcohol use. The program will include information on the following:

- A. The effect and consequences of drug and alcohol use on personal health, safety, and work environment;
- B. The manifestations and behavioral cues that may indicate drug and alcohol use and abuse; and
- C. The display and distribution of informational material; display and distribution of a community service hot line telephone number for employee assistance; and display and distribution of a summary policy statement regarding drug and alcohol use in the workplace.

XI. ADMINISTRATION OF THIS POLICY

The Safety Department will be responsible for the administration and enforcement of this policy. All questions about enforcement or other related problems or situations, including possible violations of this policy, are to be directed to the Vice President of Safety at 1-800-347-0071, extension 3212.

XII. CONFIDENTIALITY

All actions taken in connection with this policy will be handled in a confidential manner and with due regard for an individual's right to privacy. Only those individuals with a genuine "need to know" will be advised of action taken. Violators of this "confidentiality" provision are subject to disciplinary action up to and including discharge. Records of and relating to testing will be maintained in the employee's medical file.

XIII. EXHIBITS: EAP, SUPPORTING DOCUMENTS, AND ADDITIONAL TERMS

Exhibit A -- "Medication Authorization" form for employee's physician to complete in appropriate circumstances.

Exhibit B -- Supervisory guidelines concerning legally prescribed drugs.

Exhibit C -- Definition of drug paraphernalia.

Exhibit D -- Additional terms specific to truck drivers/DOT-regulated employees.

Exhibit E -- "Employee Assistance Program" (EAP).

EXHIBIT A
MEDICATION AUTHORIZATION

TO: _____
(Supervisor)

_____ (employee's name), is taking medication with possible reactions that may impede his/her ability to perform his/her job duties safely and effectively. A description of the possible physical or psychological effects said medication may have on this person is provided below.

POSSIBLE PHYSICAL
OR PSYCHOLOGICAL EFFECTS

EXPECTED DURATION THAT
MEDICATION WILL BE TAKEN

1. _____

2. _____

3. _____

4. _____

DATE: _____

PHYSICIAN SIGNATURE: _____

PHYSICIAN NAME: _____ (please print)

I accept responsibility for the possession and proper use of the medication listed above.

EMPLOYEE SIGNATURE: _____

DATE: _____

EXHIBIT B

GUIDELINES CONCERNING LEGALLY PRESCRIBED DRUGS

1. Legally prescribed drugs may be allowed in the workplace provided the supply does not exceed the prescribed amount required for the duration of the normally appropriate work day or other work cycle.
2. Each prescription is to be recorded with the employee's immediate supervisor along with the prescribed dosage. It is not necessary that the employee identify the specific medication.
3. Supervisors are to observe those employees on prescribed medication and be alert for any indication that suggests abuse or that the effect of the medication may present a safety or health hazard to the employee and his or her co-workers.
4. Prescription drugs must be kept in the original container as issued by the pharmacist in the prescribed amount required for the duration of the normally appropriate work day or other work cycle.
5. Employees can only be in possession of their own prescribed medication. No one, unless licensed, is allowed to dispense medication, e.g., a wife is not allowed to give her husband (our employee) her diet pills. If the husband is overweight, he needs to get a prescription in his own name from his physician.
6. To prevent confusion, drugs and medication that can be obtained over-the-counter must also be kept in their proper container.

EXHIBIT C

DEFINITION OF ILLEGAL OR UNAUTHORIZED DRUG PARAPHERNALIA

These items include, but are not limited to:

1. Blenders, bowls, containers, spoons, mixing devices used or intended for use in compounding controlled substances.
2. Capsules, balloons, envelopes, and other containers used or intended for use or concealing in packaging small quantities of controlled substances.
3. Hypodermic syringes, needles, or other objects designed or intended for injecting controlled substances into the human body.
4. Objects used or intended for use or designed for use in ingesting, inhaling, or otherwise introducing marijuana, cocaine, hashish, hashish oil, etc., into the human body such as:
 - a. metal, wooden, acrylic, glass, stone, plastic or ceramic pipes with or without screens, permanent screens, hashish heads or punctured metal bowls;
 - b. water pipes;
 - c. carburetion tubes and devices;
 - d. smoking and carburetion masks;
 - e. roach clips or other objects used to hold smoking materials such as a marijuana cigarette that has become too small or too short to be held by hand;
 - f. chamber pipes;
 - g. electric pipes;
 - h. air-driven pipes;
 - i. chillums;
 - j. bongs;
 - k. ice pipes;

l. rolling paper (e.g., zig-zag, E-Z wider, Bamba, Job, Joker, etc.) not associated specifically with tobacco products;

m. cocaine freebase kits.

EXHIBIT D

TERMS SPECIFIC TO PERSONS OPERATING COMMERCIAL MOTOR VEHICLES

1. PURPOSE.

The Company is dedicated to the health and safety of its drivers. Drug and/or alcohol use may pose a serious threat to driver health and safety and the safety of the Company's operations. Therefore, it is the policy of the Company to prevent the use of unauthorized drugs and the abuse of alcohol from having an adverse effect the Company's drivers and operations. The Federal Motor Carrier Safety Administration's ("FMCSA") regulations requiring the Company to implement an alcohol and Controlled Substances (as defined herein) testing program, the Company has adopted this policy and is committed to maintaining a drug-free workplace.

It is the policy of the Company that the use, sale, purchase, transfer, possession, or presence in one's system of any Unauthorized Drug (as defined herein) by any driver while on the Company premises, engaged in company business, operating company equipment, or while under the authority of the Company is strictly prohibited. Disciplinary action will be taken as necessary to enforce this policy.

Neither this policy nor any of its terms are intended to create a contract of employment or contain the terms of any contract of employment. The Company retains the sole right to change, amend, or modify any term or provision of this policy without notice. This policy **is effective January 1, 2009**, and will supersede all prior policies and statements relating to alcohol or drugs.

2. REGULATORY REQUIREMENTS.

All drivers who operate commercial motor vehicles that require a commercial driver's license under 49 CFR Part 383 are subject to the FMCSA's drug and alcohol regulations, 49 CFR Part 382. The Federal Motor Carrier Safety Regulations ("FMCSRs") set the minimum requirements for testing. The Company's policy in certain instances may be more stringent. The Company's alcohol and drug program administrator who is designated to monitor, facilitate, and answer questions pertaining to these procedures is:

Safety Department
800-347-0071, ext. 3518
Groveport, OH

3. DEFINITIONS.

Below are important definitions of terms referred to in this policy:

- A. “Commercial Motor Vehicle”** means a motor vehicle or combination of motor vehicles used in commerce to transport passengers or property if the motor vehicle:
1. Has a gross combination weight rating of 26,001 or more pounds (11,794 or more kilograms) inclusive of a towed unit with a gross vehicle weight rating of more than 10,000 pounds (4,536 kilograms); or
 2. Has a gross vehicle weight rating of 11,794 or more kilograms (26,001 or more pounds); or
 3. Is designed to transport 16 or more passengers, including the driver; or
 4. Is of any size and is used in the transportation of materials found to be hazardous for the purposes of the Hazardous Materials Transportation Act and which require the motor vehicle to be placarded under the Hazardous Materials Regulations (49 CFR Part 172, subpart F).
- B. “Confirmed Drug Test”** means a confirmation test result received by an MRO from a laboratory.
- C. “Controlled Substances”** mean those substances identified in 49 CFR Section 40.85.
- D. “Designated Employer Representative” (“DER”)** means an individual identified by the Company as able to receive communications and test results from service agents and who is authorized to take immediate actions to remove employees from safety-sensitive duties and to make required decisions in the testing and evaluation processes.
- E. “Disabling Damage”** means damage that precludes departure of a motor vehicle from the scene of the accident in its usual manner in daylight after simple repairs.
- F. “Driver” or “driver”** means any person who operates a Commercial Motor Vehicle as defined above. This includes, but is not limited to: full time, regularly employed drivers; casual, intermittent or occasional drivers; independent, owner-operator contractors who are either directly employed by or under lease to the motor carrier or who operates a Commercial Motor Vehicle at the direction of or with the consent of the motor carrier.
- G. “Medical Review Officer” (“MRO”)** means a person who is a licensed physician (Doctor of Medicine or Osteopathy) and who is responsible for receiving and reviewing laboratory results generated by the Company's drug testing program and evaluating medical explanations for certain drug test results.

- H. “Performing a Safety-Sensitive Function”** means any period when a driver is actually performing, ready to perform, or immediately available to perform any Safety-Sensitive Functions (as defined herein).
- I. “Prescription Medications”** means the use (by a driver) of legally prescribed medications issued by a licensed health care professional familiar with the driver's work-related responsibilities.
- J. “Refusal to Submit to an Alcohol or Controlled Substances Test”** means that a driver:
1. Fails to appear for any test (except pre-employment) within a reasonable time, as determined by the Company, consistent with applicable DOT regulations, after being directed to do so by the Company;
 2. Fails to remain at the testing site until the testing is complete (except pre-employment if the driver leaves before the testing process begins);
 3. Fails to provide a urine specimen for any DOT required drug or alcohol test (except pre-employment if the driver leaves before the testing process begins);
 4. In the case of a directly observed or monitored collection in a drug or alcohol test, fails to permit the observation or monitoring of the driver's provision of the specimen;
 5. Fails to provide a sufficient amount of urine when directed, and it has been determined, through a required medical evaluation, that there was no adequate medical explanation for the failure;
 6. Fails or declines to take a second test the employer or collector has directed the driver to take;
 7. Fails to undergo a medical examination or evaluation, as directed by the MRO as part of the verification process, or as directed by the DER (in the case of a pre-employment drug test, the employee is deemed to have refused to test on this basis only if the pre-employment test is conducted following a contingent offer of employment);
 8. Fails to cooperate with any part of the testing process; or
 9. Is reported by the MRO as having a verified adulterated or substituted test result.
- K. “Safety-Sensitive Function”** means all time from the time a driver begins to work or is required to be in readiness to work until the time he/she is relieved from work and all responsibility for performing work.

Safety-Sensitive Functions include:

1. All time at an employer or shipper plant, terminal, facility, or other property, or on any public property, waiting to be dispatched, unless the driver has been relieved from duty by the Company;
2. All time inspecting equipment as required by 49 CFR Secs. 392.7 and 392.8 or otherwise inspecting, servicing, or conditioning any commercial motor vehicle at any time;
3. All time spent at the driving controls of a commercial motor vehicle in operation;
4. All time, other than driving time, in or upon any commercial motor vehicle, except time spent resting in a sleeper berth (a berth conforming to the requirements of 49 CFR Sec. 393.76);
5. All time loading or unloading a vehicle, supervising, or assisting in the loading or unloading, attending a vehicle being loaded or unloaded, remaining in readiness to operate the vehicle, or in giving or receiving receipts for shipments loaded or unloaded; and
6. All time repairing, obtaining assistance, or remaining in attendance upon a disabled vehicle.

L. “Unauthorized Drugs” shall mean any substance, other than Prescription Medication, which is, or has the effect on the human body of being a narcotic, depressant, stimulant, hallucinogen or cannabinoid, their precursors, derivatives or analogues, and includes, but is not limited to, Controlled Substances, inhalants, “designer drugs”, “look-a-likes”, and hemp products or products derived from hemp.

4. ALCOHOL AND DRUG PROHIBITIONS

A. Alcohol Prohibitions. The Company prohibits any alcohol misuse that could affect performance of Safety-Sensitive Functions. The prohibitions on the use or misuse of alcohol include:

- use of alcohol while performing Safety-Sensitive Functions;
- use of alcohol during the 4 hours before performing Safety-Sensitive Functions;
- reporting for duty or remaining on duty to perform Safety-Sensitive Functions with a blood alcohol concentration of 0.02% or greater;
- use of alcohol for up to 8 hours following an accident or until the driver undergoes a post-accident test; or
- refusal to take a required test to detect the presence of alcohol.

B. Drug Prohibitions. The Company prohibits any drug use that could affect the performance of Safety-Sensitive Functions. The prohibitions on the use of drugs include:

- use of any Unauthorized Drug;
- use of any Prescription Medications except when administered to a driver by, or under the instructions of, a licensed medical practitioner,

who has advised the driver that the substance will not affect the driver's ability to safely operate a commercial motor vehicle. (The use of marijuana under California Proposition 215 or the use of any Schedule I drug under Arizona Proposition 200 is not a legitimate medical explanation. Under federal law, the use of marijuana or any Schedule I drug does not have a legitimate medical use in the United States.);

- testing positive for any Unauthorized Drugs; or
- refusing to take a required drug test.

All drivers must inform the Safety Department and their local manager of any Prescription Medication prior to performing a Safety-Sensitive Function. He/she may be required to present written evidence from a health care professional which describes the effects such Prescription Medications may have on the driver's ability to perform his/her tasks.

5. **TESTING**

A. Pre-Employment Testing (49 CFR Sec. 382.301): All drivers must pass a Controlled Substance test prior to performing any Safety Sensitive Functions. These functions will not be assigned until the Company has received a negative test result. An employee of the Company transferring to a driving position is also subject to and must pass a Controlled Substance test as a condition of the transfer.

B. Reasonable Suspicion Testing (49 CFR Sec. 382.307): If the driver's supervisor or another supervisor or manager of the Company believes a driver is under the influence of alcohol or drugs, the driver will be required to undergo a drug and/or alcohol test.

1. *Standard.* "Reasonable Suspicion" is based on specific, contemporaneous, articulable observations concerning the appearance, behavior, speech, or body odors of the driver. Reasonable suspicion alcohol testing is only authorized if the observations are made during, just preceding, or after the driver's performance of a Safety Sensitive Function.
2. *General Procedures.*
 - (a) If "Reasonable Suspicion" exists, the driver's supervisor or another company official will immediately remove the driver from any and all Safety-Sensitive Functions and take the driver or make arrangements for the driver to be taken to a testing facility.
 - (b) A written record of the observations leading to an alcohol or Controlled Substance reasonable suspicion test, signed by

the supervisor or company official who made the observation, will be completed within 24 hours of the observed behavior or before the results of the alcohol or Controlled Substances test are released, whichever is first.

- (c) A driver awaiting the results of a reasonable suspicion drug test will be suspended without pay.

3. *Additional Procedures for Reasonable Suspicion Alcohol Testing.*

- (a) Any alcohol test revealing a blood alcohol level of .02% or more will be considered a failed alcohol test. Disciplinary action will be taken up to and including termination.
- (b) If an alcohol test is not administered within two hours following a reasonable suspicion determination, the supervisor will prepare and maintain a record stating the reasons why the test was not administered within 2 hours.
- (c) If the test was not administered within 8 hours after a reasonable suspicion determination, all attempts to administer the test shall cease. A record of why the test was not administered must be prepared and maintained.

C. Post-Accident Testing (49 CFR Sec. 382.303): Drivers are to notify personnel in the Company's dispatch department at the Company's Groveport, Ohio (CMH) location as soon as possible if they are involved in an accident. The contact information for CMH dispatch is included in the permit book each driver is required to carry.

1. *Standard.* A driver must submit to post-accident drug and alcohol testing if the accident involved:

- a fatality,
- bodily injury with immediate medical treatment away from the scene *and* the driver received a citation, or
- Disabling Damage to any motor vehicle requiring tow away *and* the driver received a citation

2. *General Procedures.*

- (a) The driver will be tested for drugs and alcohol as soon as possible following the accident. The driver must remain readily available for testing. If the driver isn't readily available for alcohol and drug testing, he/she may be deemed as refusing to submit to testing. A driver involved in an accident

may not consume alcohol for eight (8) hours after the accident or until testing is completed.

- (b) If the alcohol test is not administered within two (2) hours following the accident a company representative will prepare a report and maintain a record stating why the test was not administered within two hours.
- (c) If the alcohol test is not administered within eight (8) hours following the accident, all attempts to administer the test will cease. A report and record of why the test was not administered will be prepared and maintained.
- (d) The drug test must be administered within 32 hours of the accident. If the test could not be administered within 32 hours, all attempts to test the driver will cease.
- (e) The Safety Department will prepare and maintain a record stating the reasons why the test was not administered within the allotted time frame.

D. Random Testing (49 CFR Sec. 382.305): The Company conducts random testing for all drivers using a Company-wide selection process based on a scientifically valid method. The random testing will be spread reasonably throughout the calendar year. All random alcohol and drug tests will be unannounced, with each driver having an equal chance of being tested each time selections are made. A driver may only be tested for alcohol while he/she is performing a Safety-Sensitive Function, just before performing a Safety-Sensitive Function, or just after completing a Safety-Sensitive Function. Once notified that he/she has been randomly selected for testing, the driver must proceed immediately to the assigned collection site.

E. Refusal to Submit to Testing.

In accordance with 49 CFR Sec. 382.211, a driver may not refuse to submit to a post-accident, random, reasonable suspicion, or follow-up alcohol or Controlled Substances test required by the regulations. A refusal to submit is treated the same as a failed alcohol or positive drug test.

F. Diluted Specimens.

If the MRO informs the Company that a positive drug test was diluted, the Company will treat the test as a verified positive test. The Company will only conduct a recollection if the MRO directs the Company to do so.

G. Controlled Substance Test Results.

1. *Testing.* Urinalyses will be conducted to detect the presence of the following substances:

- Marijuana
- Cocaine
- Opiates
- Amphetamines
- Phencyclidine (PCP).

Detection levels requiring a determination of a positive result shall be in accordance with the guidelines adopted by the FMCSA in accordance with the requirements established in 49 CFR Section 40.87.

2. *Procedures.*

- (a) According to FMCSA regulation, the laboratory must report all test results directly to the Company's MRO.
- (b) The MRO is responsible for reviewing and interpreting all Confirmed positive, adulterated, substituted, or invalid drug test results. The MRO must determine whether alternate medical explanations could account for the test results. The MRO must also give the driver who has a positive, adulterated, substituted, or invalid drug test an opportunity to discuss the results prior to making a final determination. After the decision is made, the MRO will notify the Company's DER.
- (c) If the MRO, after making and documenting all reasonable efforts, is unable to contact a tested driver, the MRO shall contact the DER instructing him/her to contact the driver.
- (d) The MRO may verify a positive, adulterated, substituted, or invalid drug test without having communicated with the driver about the test results if:
 - the driver expressly declines the opportunity to discuss the results of the test;
 - neither the MRO or DER has been able to make contact with the driver for 10 days; or
 - within 72 hours after a documented contact by the DER instructing the driver to contact the MRO, the driver has not done so.

- (e) *Split Sample:* The MRO must notify each driver who has a positive, adulterated, or substituted, drug test result that he/she has 72 hours to request the test of the split specimen. If the driver requests the testing of the split, the MRO must direct (in writing) the lab to provide the split specimen to another certified laboratory for analysis. The driver will pay for the testing of the split specimen. If the analysis of the split specimen fails to reconfirm the results of the primary specimen, or if the split specimen is unavailable, inadequate for testing, or unstable, the MRO must cancel the test and report the cancellation and the reasons for it to the DER and the driver.

H. Confidentiality/Recordkeeping. All driver alcohol and Controlled Substance test records are considered confidential. Driver alcohol and Controlled Substance test records will only be released in accordance with 49 CFR Sec. 382.405. All records will be retained for the time period required in 49 CFR Sec. 382.401.

5. **TRAINING.**

- A. Driver Education and Training:** All drivers will be given information regarding the requirements of 49 CFR Part 382 and this policy. Drivers will receive in person training prior to starting any safety sensitive duties.
- B. Supervisor Training:** According to FMCSA regulation, all employees of the Company designated to supervise drivers will receive training on this program.
- C. Referral, Evaluation, and Treatment:** A letter providing a resource list for substance abuse professionals (“SAP”) will be provided to all drivers who fail an alcohol test or test positive for drugs. The driver will be responsible for paying for SAP evaluation and any treatment required.

6. **VOLUNTARY REQUEST FOR ASSISTANCE.**

The Company will not take disciplinary action against a driver who makes a voluntary admission of alcohol misuse or Controlled Substance use if:

- the admission is made prior to notification of a required test;
- the driver does not self-identify in order to avoid 49 CFR Part 382 testing;
- the driver makes the admission of alcohol misuse or Controlled Substances use prior to performing a Safety-Sensitive Function; and
- the driver does not perform a Safety-Sensitive Function until the Company is satisfied that the driver has been evaluated and has successfully completed education or treatment requirements in accordance with the self-identification program guidelines.

The driver may be considered for return to Safety-Sensitive Functions upon successful completion of an education or treatment program, as determined by a drug and alcohol abuse evaluation expert. Also, the driver must undergo a return-to-duty test with a result indicating an alcohol concentration of less than 0.02%; and/or a Controlled Substances test with a verified negative test result.

7. **DISCIPLINARY ACTION.**

A. Controlled Substance Positive Test Result: Upon notification that a driver has a drug test result of positive, adulterated, or substituted, the driver will be given the option of requesting a test of the split sample within 72 hours. If the driver has requested a test of the split sample, the driver will be suspended without pay until the results of a split sample test are obtained.

If the driver doesn't request a split sample test or the split sample test confirms the initial positive, adulterated, or substituted, drug test result, disciplinary action will be taken up to and including termination.

B. Refusal to Test: A driver's refusal to test for alcohol or Controlled Substances will be considered a positive test result. A driver whose conduct is considered a refusal to test will be the same as the action taken for a failed alcohol or positive drug test.

C. Failed Alcohol Test Result: Upon notification that a driver has failed an alcohol test (0.02% BAC or greater), disciplinary action will be taken up to and including termination.

D. Additional Actions. Additionally, the following events will result in immediate removal of an employee or contract driver from a Safety-Sensitive Function and disqualify him or her from operating a commercial motor vehicle in the Company's service:

1. A conviction relating to consumption, use or being under the influence of illegal drugs or Controlled Substances.
2. A conviction for possession or transportation of illegal drugs or Controlled Substances.
3. A conviction relating to consumption, sale or being under the influence of alcohol.
4. Possession of alcoholic or intoxicating beverages and/or illegal drugs or drug paraphernalia in a motor vehicle.

Any pending charge relating to the possession, use, sale, purchase, transfer, distribution, transportation of alcohol, illegal drugs or Controlled Substances, whether vehicle related or not, may be cause for suspension

from driving until such time as a final adjudication has been entered.

A driver who fails to pass any alcohol or Controlled Substance test whether administered under the FMCSR or other state or local governing entities may be subject to disciplinary action up to and including disqualification/termination.

EXHIBIT E
EMPLOYEE ASSISTANCE PROGRAM (EAP)

Employees who voluntarily request assistance in dealing with a personal drug or alcohol problem may participate in Forward Air, Inc's Employee Assistance Program (EAP) without jeopardizing their continued employment with the Company. Similarly, the Company may recommend that an employee consult with representatives of the Company's EAP when a drug or alcohol problem is suspected. However, participation in the EAP will not prevent disciplinary action for a violation of the Company's drug policy or other forms of misconduct or performance problems. The EAP is available to all employees and their immediate families. Coverage is extended to an employee's immediate family because a behavioral problem of a family member may also affect an employee's work and general well-being. The scope of the Company's EAP is to provide help for alcohol or other drug abuse problems. Problems regarding promotions, transfers, wage increases or disputes with supervisors are not handled by EAP.

EAP assistance is available by telephone or by a confidential office consultation. For EAP assistance, please call the telephone number listed in the Company's current benefit guide.

An EAP staff person will advise you of available alternatives for treatment, counseling or help and will assist you in arranging an appointment. When you request assistance, you decide whether or not you want to pursue the recommendation.

Family members, supervisors and co-workers who are concerned about a troubled employee can also receive confidential consultation.

In many instances, the Company's health plan offers coverage for treatment provided by outside resources in connection with EAP. If, however, you need to be referred to services which are not covered by the Company's health plan, you will be responsible for all fees. For specific plan coverage please consult the appropriate benefit plan, your Group Health Insurance Department, the EAP, or the Corporate Benefits Specialist.

Confidentiality. All information regarding referral, evaluation, and treatment will be maintained in a confidential manner and no EAP matters will be entered in an employee's personal file. A request for evaluation, diagnosis, information or treatment has no effect on job security or advancement.

FORWARD AIR CORPORATION

Subject: SMOKING POLICY

I. POLICY

SMOKING WITHIN ANY COMPANY BUILDING, INCLUDING ANY BATHROOMS, OUTSIDE DOCKS OR DIRECTLY IN FRONT OF THE BUILDING ENTRANCE IS STRICTLY PROHIBITED. ANY EMPLOYEE WHO KNOWINGLY VIOLATES THIS POLICY MAY BE SUBJECT TO A CIVIL PENALTY PURSUANT TO APPLICABLE STATE LAW. IN ADDITION, ANY EMPLOYEE WHO VIOLATES THIS POLICY WILL BE SUBJECT TO DISCIPLINARY ACTION, UP TO AND INCLUDING DISCHARGE.

The Company is committed to providing a safe and healthful place for you to work, which means that the Company is a tobacco free environment. Smoking tobacco products is prohibited:

- Anywhere in a Company building
- Within 25 feet of any Company building (except in designated areas)
- Directly outside the entrance of a Company building
- In Company vehicles as proscribed by applicable state law

As used in this policy, "smoking" means inhaling, exhaling, burning, or carrying any lighted cigar, cigarette, pipe, or other lighted tobacco product in any manner or in any form.

Appropriate "No Smoking" signs are posted at entrances to Company buildings, and this policy is strictly enforced.

If you do smoke or use tobacco products, please do so in designated smoking areas and extinguish/discard in the receptacles provided.

Please do not:

- Discard cigarettes, cigars, pipe tobacco in the parking lot, on the ground, or throw them into the bushes, mulch, or discard on the pavement in the break areas
- Discard chewing tobacco on the grounds, parking lot, pavement or in any Company building

FORWARD AIR CORPORATION

Subject: WORKPLACE VIOLENCE

I. POLICY

The Company is firmly committed to providing a workplace that is free from acts of violence or threats of violence. In keeping with this commitment, the Company has established a strict policy that prohibits any employee from threatening or committing any act of violence in the workplace, while on duty, while on Company business, or while operating any vehicle or equipment owned or leased by the Company. This policy applies to all employees, including managers, supervisors, and non-supervisory employees. It also applies to third parties, including employee guests, who are on Company property. The Company has zero tolerance for individuals and employees who make threats, engage in threatening behavior, or commit acts of violence against employees, visitors, guest, or other individuals. Compliance with this policy is every employee's responsibility.

Employees are required immediately to report to a supervisor, or to the Company's Legal Department, any incident involving a threat of violence or violent behavior. If an employee is confronted with a potentially violent situation, the employee should not attempt to handle the situation, but should report it immediately to a member of management. If a report is made to a supervisor or member of management, that individual must immediately inform the Company's Legal Department, and the matter will be investigated promptly and appropriate corrective action, if required, will be taken. This action may include disciplinary action, up to and including immediate dismissal, of employees involved.

If an employee is confronted with a situation placing the employee or others in imminent danger of bodily harm, the employee should call 911.

Employees who become aware of any workplace security hazards, or who have suggestions for increasing security in the workplace, should speak with their supervisors or the Company's Legal Department. The Company encourages employees to help make the workplace as safe and secure as possible.

Employees are required to report violations of this policy, including any incidents involving actual or threatened violence. Employees making good faith reports may do so without fear of retaliation.

VI. EMPLOYMENT SEPARATION

FORWARD AIR CORPORATION

Subject: TERMINATION OF EMPLOYMENT

I. POLICY

It is the policy of the Company to administer employee terminations for whatever the reason in a professional, forthright and consistent manner. Termination of employment will generally be considered either voluntary, involuntary or by mutual agreement or request. Additionally, the termination process is designed to ascertain the reasons for employee turnover and is a means to establish the departing employee's reemployment eligibility.

Specific notification periods and final pay guidelines are set forth below as well.

II. PROCEDURES/INSTRUCTIONS

A. VOLUNTARY TERMINATION

This action is voluntarily initiated by the employee, and includes resignations or those who fail to return timely from an authorized leave of absence.

1. Department heads, professionals and others of similar status and responsibility or higher should give, when possible, at least thirty (30) days advance notice to their immediate supervisor of their intent to leave the Company.
2. Individuals in first-level supervisory positions should, when possible, give at least three (3) weeks advance notice to their immediate supervisor of their intent to leave the Company.
3. All other employees should, when possible, give at least two (2) weeks' advance notice to their immediate supervisor of their intent to leave the Company.
4. Failure to provide proper notice may adversely affect reemployment eligibility.
5. The employee's Department Manager is to advise the Payroll Department Manager of the actual termination date as soon as it is established, and furthermore, arrange an exit interview for the departing employee.
6. The Department Manager or Terminal Manager is to complete a Form P-2 Form and forward it to the manager of the Company's Payroll Department within one (1) workday.

B. INVOLUNTARY TERMINATION

This action is initiated by the Company. Involuntary termination (or dismissal) may occur:

1. Anytime during the first ninety days of employment or such other time designated by an employee's supervisor as a probationary period. This may occur due to such factors as: unsatisfactory performance, absenteeism, improper conduct, violation of Company policies or procedures, lack of suitability for the job, or unfavorable results from a background investigation, and is solely at the Company's discretion.
2. Due to elimination of position, reorganization, or lack of work. Reduction-in-force, reorganization, or other factors may directly or indirectly result in the elimination of an employee's position. Reasonable effort will be made to transfer the affected employee within the Company to a comparable position, if one is available, for which the employee is currently qualified.
3. In accordance with the corrective disciplinary action process of the Company. However, the nature or severity of an employee's conduct may warrant immediate termination without regard to prior history of counseling or previous disciplinary action.
4. When necessary, as determined by the Company. This applies to other situations where the Company determines that termination is necessary.

C. TERMINATION BY MUTUAL AGREEMENT OR REQUEST

This action may occur at any time during the employment relationship by mutual agreement or request of either the employee or the Company.

D. OTHER TERMINATIONS

This includes retirement, death, military service, temporary work expired, and not being reinstated after a leave of absence.

E. TERMINATION PAY

1. The Department or Terminal Manager is to verify the accuracy of the employee's time card up to the employee's last workday.
2. The Department Manager is to complete the appropriate sections of the employee's time card and forward it to the manager of the Company's Payroll Department within one (1) workday.

3. The manager of the Company's Payroll Department will compute final pay and determine eligibility for continuation of benefits (COBRA). Thereafter, final pay arrangements and any applicable benefits continuation will be verified with the employee. In addition, the employee will be notified that a COBRA letter will be sent to him or her confirming continuation of benefits (if applicable).
4. Severance pay arrangements, if any, must be approved in advance by the Company's Legal Department.
5. When possible, employees will be paid the following monies upon departure, or no later than required by law following separation:
 - a. Salary or wages earned through date of termination;
 - b. Unless compelled otherwise by applicable state law, employees will be paid vacation pay for any accrued but unused vacation that employees are eligible to take as of the employee's most recent annual anniversary date. This applies only to employees who have completed their first year of employment (12 consecutive months).

F. EXIT INTERVIEW

The Company will attempt to give all terminating employees an exit interview by the Terminal Manager or his or her Department Manager or designee.

1. The objectives of the exit interview are to:
 - a. Provide the employee with the opportunity to discuss his or her reason(s) for leaving and/or to offer constructive criticism or suggestions about the Company, its management and its policies and practices;
 - b. Obtain a current performance appraisal summary on the employee, and determine the employee's availability and/or eligibility for future employment;
 - c. Resolve and explain any benefit conversion privileges, etc.;
 - d. Settle any obligations due the Company; and
 - e. Arrange final payment of salary or wages.
2. The Company will conduct, whenever possible, an exit interview with each terminating employee. The primary purpose of the

interview is to collect general information from the employee's perspective of the Company's operations, personnel policies and practices, as well as the status of employee morale.

G. EMPLOYEE BENEFITS

Certain employee benefits and privileges will be discontinued upon termination. Others may be converted in accordance with COBRA and the governing provisions of each benefit plan.

H. REFERENCES

1. Normally, the Company does not provide letters of reference or recommendation on behalf of former employees. When other employers request references, or verification of employment, the Company will verify the following information:
 - a. Dates of Employment;
 - b. Last position or job title; and
 - c. Final pay rate or salary (with proper authorization).
2. All employment verifications, reference checks and other similar confidential information concerning current or former employees are to be given out only by the Company's General Counsel or Designee. All others employed by or associated with the Company are not authorized to verify or provide this type of information to outside parties; and, therefore must refer all such inquiries, without exception, to the Company's General Counsel for proper handling.

I. REEMPLOYMENT

1. Eligibility for reemployment depends, in part, on the circumstances of the termination. Employees dismissed for any of the following reasons will generally not be eligible for reemployment:
 - a. Voluntary resignation without proper notice;
 - b. Job abandonment (no call/no show);
 - c. Absenteeism/Tardiness;
 - d. Unsatisfactory work performance;
 - e. Misconduct.
2. Any exceptions to the foregoing must be approved in advance by the former employee's previous supervisor and the Company's President and CEO.

FORWARD AIR CORPORATION

Subject: REDUCTION-IN-FORCE

I. POLICY

It is the policy of the Company that full employment will be maintained consistent with sound business and economic principles. Business and operational needs, however, may necessitate a decrease in the number of authorized positions to operate efficiently on a short- or long-term basis.

A reduction-in-force involving two or more regular full-time employees may not take place without prior involvement and recommendation of the relevant Terminal Manager or, in the case of departments that do not report to a Terminal Manager, the Department Manager and the approval of the Company's Legal Department.

When a reduction-in-force is contemplated, management will carefully weigh the short-term advantage of payroll savings against the long-term costs of separation payments, unemployment compensation, and other associated costs, as well as the effect of a reduction on the morale of the remaining employees and the Company's reputation in the community.

Careful planning, kept in strict confidence, must be given to all aspects of any reduction-in-force before employees are informed. This includes, but is not limited to: short- and long-term human resources planning; the impact on other operating units of the Company; the schedule for the reduction-in-force; an exploration of possibilities of placing employees elsewhere internally; and full details of the reduction-in-force arrangements that will be given to those who cannot be placed internally.

II. PROCEDURES/INSTRUCTIONS

A. Employee Retention

Retention considerations will emphasize demonstrated job performance, employee ability and availability, and the individual's particular suitability to the needs of the Company under the current circumstances. That is, the decision to retain an employee will be based upon the relative performance level of the individual among other employees performing similar functions or the relative capability of the employee to fulfill current (possibly new) organizational requirements. When these facts are deemed equal between two or more employees by the Company, length of service will be the determining factor. Furthermore, when deemed appropriate by the Company, employees will be terminated according to job classifications as follows:

1. Temporary;
2. Probationary;
3. Regular part-time; and then
4. Regular full-time.

B. Employee Reassignment

The Company wishes to retain as many qualified incumbent employees as possible. Therefore, employees initially selected for possible separation will be considered for job vacancies which exist at that time elsewhere within the Company. Selection for reassignment will be based upon appropriate current qualifications for the vacancies and past job performance. Employees recommended for reassignment will be given first consideration over new hires.

C. Severance Pay

Severance pay may be considered at the Company's sole discretion on a case-by-case basis.³ Terminated employees may be given severance pay as a result of permanent position eliminations only. When and if utilized, severance pay is intended as partial financial assistance to displaced employees while they are seeking new employment. Furthermore, *severance pay is not guaranteed* right nor is it available to employees who voluntarily resign, who are involuntarily terminated due to unsatisfactory performance or misconduct, or who have accepted new employment prior to the effective date of their termination. The amount of any severance pay awarded will be determined on a case-by-case basis.

D. Reemployment (Recall)

1. If the reduction-in-force is expected to be temporary, displaced employees will have their pay and benefits suspended during the layoff (subject to COBRA privileges) period, but they will be eligible for recall for up to a maximum of one (1) year from the date of separation.
2. If recalled during this period, employees will be reinstated without employee benefit waiting periods and without any loss in seniority.
3. Employees terminated in a "permanent" reduction-in-force who subsequently apply for reemployment will be considered on the basis of the qualifications for existing vacancies, their past

³ As a point of clarification, this means that if severance pay (which is not guaranteed) is provided to employees on a particular occasion, it is not to be considered as a precedent for providing severance pay in the future.

employment record, length of previous service and other relevant factors.

FORWARD AIR CORPORATION

Subject: REHIRE

I. POLICY

Generally, the rehire of former Company employees is to be avoided, especially those individuals who were dismissed by the Company or who quit without giving proper notice.

Other former employees may be considered for rehire as specified below.

II. PROCEDURE/INSTRUCTIONS

A. Former Company employees are not to be rehired without the specific approval of the former employee's previous supervisor and the Company's President and CEO.

B. The following factors should be considered in determining whether or not to rehire a former employee:

1. Reason for leaving the Company:

a. If the former employee was dismissed or left because of dissatisfaction with the job, conflict with Company philosophies, policies, customers, or problems with fellow employees or supervisors, or because of difficulty in meeting job requirements, he or she should not be rehired.

b. If the former employee left for other reasons, consideration for rehire may be given as deemed appropriate by the hiring supervisor or manager. However, former employees who quit without proper notice are not to be rehired without the approval of the appropriate supervisor, the former employee's previous supervisor and a vice president level or more senior officer managing the department or terminal where the employee will be employed.

2. Overall work record when previously employed by the Company.

3. Need for the former employee's abilities.

4. Former employee's work record since leaving the Company.

5. Reason former employee is seeking reemployment.

- C. Former employees should not be rehired into jobs rated higher than the ones previously occupied unless they have obtained additional skills and training during their absence that would qualify them for higher rated jobs.

APPENDIX A - CALIFORNIA

FORWARD AIR CORPORATION

Subject: CALIFORNIA FAMILY RIGHTS ACT OF 1993

I. POLICY

Under the California Family Rights Act of 1993 (CFRA), if an employee has more than twelve months of service with the Company and has worked at least 1,250 hours in the twelve-month period before the date the employee wants to begin leave, an employee may have a right to an unpaid family care or medical leave (CFRA leave). This leave may be up to twelve workweeks in a twelve-month period for the birth, adoption, or foster care placement of an employee's child or for an employee's own serious health condition or that of an employee's child, parent, or spouse.

Even if an employee is not eligible for CFRA leave, if disabled by pregnancy, childbirth, or related medical conditions, an employee is entitled to take a pregnancy disability leave of up to four months, depending on the employee's period(s) of actual disability. If an employee is CFRA-eligible, an employee has certain rights to take BOTH a pregnancy disability leave and a CFRA leave for reason of the birth of an employee's child. Both leaves contain a guarantee of reinstatement to the same or to a comparable position at the end of the leave, subject to any defense allowed under the law.

If possible, an employee must provide at least thirty days' advance notice for foreseeable events (such as the expected birth of a child or a planned medical treatment for the employee or a family member). For events that are unforeseeable, the Company needs the employee to provide notification, at least verbally, as soon as he or she learns of the need for the leave.

Failure to comply with these notice rules is grounds for, and may result in, deferral of the requested leave until the employee complies with this notice policy.

The Company may require certification from an employee's health care provider before allowing an employee leave for pregnancy or for an employee's own serious health condition or certification from the health care provider of an employee's child, parent, or spouse who has a serious health condition before allowing an employee leave to take care of that family member. When medically necessary, leave may be taken on an intermittent or a reduced work schedule.

If leave is being taken for the birth, adoption, or foster care placement of a child, the basic minimum duration of the leave is two weeks and the leave must be concluded within one year of the birth or placement for adoption or foster care.

Taking a family care or pregnancy disability leave may impact certain employee benefits and an employee's seniority date. For more information regarding eligibility for a leave and/or the impact of the leave on seniority and benefits, please contact the Company's Legal Department.

A. Paid Family Leave

An employee is entitled to use in any calendar year the employee's accrued and available discretionary leave entitlement, in an amount not less than the discretionary leave that would have been accrued during six months at the employee's then current rate of entitlement, to attend to an illness of a child, parent, spouse, or domestic partner of the employee. This leave is paid and is subject to a maximum of six weeks during any twelve month period.

This leave runs concurrently with an employee's FMLA or CFRA leave.

For more information regarding paid family leave please visit www.dfch.ca.gov or please contact the Company's Legal Department.

B. Parent/Child Leave

Employees may take up to forty hours of unpaid leave each year to participate in activities at his or her child's school or licensed day care facility. Employees must give reasonable notice to the Company of such leave. Employees may take no more than eight hours of such leave each calendar month, and shall first utilize existing vacation leave or other compensatory time off.

Employees may also take unpaid leave to attend school if an employee's child is suspended from school pursuant to Section 48900.1 of the Education Code upon reasonable notice to the Company that he or she is requested to appear.

C. Domestic Violence Leave

Employees may take unpaid leave if they are the victims of domestic violence or they are the immediate family members of a victim of domestic violence as long as it is to:

- (1) seek medical attention for injuries caused by domestic violence or sexual assault;
- (2) obtain services from a domestic violence shelter, program, or rape crisis center as a result of domestic violence or sexual assault;
- (3) obtain psychological counseling related to an experience of domestic violence or sexual assault; or

- (4) participate in safety planning and take other actions to increase safety from future domestic violence or sexual assault, including temporary or permanent relocation.

Employees who are victims of domestic violence may also take unpaid leave to obtain or attempt to obtain any relief, including but not limited to, a temporary restraining order, restraining order, or other injunctive relief, for the purpose of ensuring the health, safety, or welfare of the victim or his or her child.

Employees must give reasonable advance notice of the intention to take time off, unless advance notice is not feasible.

APPENDIX B - TENNESSEE

FORWARD AIR CORPORATION

Subject: JURY DUTY

I. POLICY

The Company encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees who are called for jury duty service shall be excused from work and will be paid the difference between jury duty pay and their normal rate of pay. If you are required serve on jury duty for less than three (3) hours during a scheduled work day, you are expected to return to work as soon as practicable after completing your duties.

To be eligible to receive pay as provided above, you must bring your jury duty notice to your supervisor on the next working day immediately following receipt of same. Additionally, a jury duty pay voucher shall be submitted to the Personnel Department in order for you to receive the proper amount of pay. Time spent on jury duty shall be considered as time worked for the purposes of calculating overtime.

FORWARD AIR CORPORATION

Subject: SAFEGUARDING PERSONNEL RECORDS

I. POLICY

Our applicants and team members have a right to expect that their personal information entrusted to the Company will be kept confidential to the greatest extent possible. Accordingly, the purpose of this policy is to provide for the security of records pertaining to our employees and applicants for employment with our company to prevent the misappropriation or misuse of such records. We seek to prevent identity theft and other harm to our applicants and employees that occur when criminals obtain personal information about our applicants and employees from our records.

This policy applies to all records obtained by the Company from whatever source that contain identifying personal or financial information about a Company employee or applicant for employment, such as records, medical records, consumer reports such as credit reports, criminal history reports, driving history reports and other documents obtained from third parties that relate to an applicants or employee's identity, finances, credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living ("Personnel Records").

Paper Personnel Records maintained by the Company shall be stored in one or more filing cabinets, which shall be locked at night and at other times when the office is unattended. The Company will also ensure the security of Personnel Records kept in electronic format, including e-mails and word processor, spreadsheet and data base documents. Electronic Personnel Records should not be stored in a shared area of a network.

When paper forms of Personnel Records are disposed of in accordance with our schedule for disposition, they shall be burned or shredded. No other methods of disposal are authorized or permitted. Electronic forms of Personnel Records shall be destroyed or erased, by or under the supervision of the Director of Human Resources or his or her qualified designee, in such a way that the information cannot be read or reconstructed.

Violation of this policy will result in disciplinary action up to and including termination.

FORWARD AIR CORPORATION

Subject: TENNESSEE MATERNITY LEAVE ACT

4-21-408. Leave for adoption, pregnancy, childbirth and nursing an infant.

a) Employees who have been employed by the same employer for at least twelve (12) consecutive months as full-time employees, as determined by the employer at the job site or location, may be absent from such employment for a period not to exceed four (4) months for adoption, pregnancy, childbirth and nursing an infant, where applicable, referred to as "leave" in this section. With regard to adoption, the four-month period shall begin at the time an employee receives custody of the child.

b) (1) Employees who give at least three (3) months' advance notice to their employer of their anticipated date of departure for such leave, their length of leave, and their intention to return to full-time employment after leave, shall be restored to their previous or similar positions with the same status, pay, length of service credit and seniority, wherever applicable, as of the date of their leave.

(2) Employees who are prevented from giving three (3) months' advance notice because of a medical emergency that necessitates that leave begin earlier than originally anticipated shall not forfeit their rights and benefits under this section solely because of their failure to give three (3) months' advance notice.

3) Employees who are prevented from giving three (3) months' advance notice because the notice of adoption was received less than three (3) months in advance shall not forfeit their rights and benefits under this section solely because of their failure to give three (3) month's advance notice.

(c) (1) Leave may be with or without pay at the discretion of the employer. Such leave shall not affect the employees' right to receive vacation time, sick leave, bonuses, advancement, seniority, length of service credit, benefits, plans or programs for which the employees were eligible at the date of their leave, and any other benefits or rights of their employment incident to the employees' employment position; provided, that the employer need not provide for the cost of any benefits, plans or programs during the period of such leave, unless such employer so provides for all employees on leaves of absence.

(2) If an employee's job position is so unique that the employer cannot, after reasonable efforts, fill that position temporarily, then the employer shall not be liable under this section for failure to reinstate the employee at the end of the leave period.

(3) The purpose of this section is to provide leave time to employees for adoption, pregnancy, childbirth and nursing the infant, where applicable; therefore, if an employer finds that the employee has utilized the period of leave to actively pursue other employment opportunities or if the employer finds that the employee has worked part

time or full time for another employer during the period of leave, then the employer shall not be liable under this section for failure to reinstate the employee at the end of the leave.

(4) Whenever the employer shall determine that the employee will not be reinstated at the end of the leave because the employee's position cannot be filled temporarily or because the employee has used the leave to pursue employment opportunities or to work for another employer, the employer shall so notify the employee.

(d) Nothing contained within the provisions of this section shall be construed to:

(1) Affect any bargaining agreement or company policy that provides for greater or additional benefits than those required under this section;

(2) Apply to any employer who employs fewer than one hundred (100) full-time employees on a permanent basis at the job site or location; or

(3) Diminish or restrict the rights of teachers to leave pursuant to title 49, chapter 5, part 7, or to return or to be reinstated after leave.

(e) The provisions of this section shall be included in the next employee handbook published by the employer after May 27, 2005.

[Acts 1987, ch. 373, § 1; T.C.A., §§ 50-1-501 - 50-1-505; Acts 1988, ch. 607, §§ 1-3; 1991, ch. 430, § 1; 2005, ch. 224, § 1.]

ACKNOWLEDGMENT AND RECEIPT (FORWARD AIR CORPORATION'S COPY)

I understand that this Policy Manual is not a contract. I understand that it is intended as a general information guide to inform me of the current policies and programs of FORWARD AIR CORPORATION. It is not intended to be a comprehensive listing of all of the Company's policies and procedures. Moreover, due to the need to accommodate changes, I understand that FORWARD AIR CORPORATION reserves the right to amend, modify or cancel any of the rules and policies set forth in this Policy Manual at any time, with or without notice to employees.

I understand that none of the provisions or policies contained in this Policy Manual should be considered or construed as establishing a contract or guarantee of employment for any specified period of time. Notwithstanding any other written or verbal representations to the contrary, I understand that all employees of FORWARD AIR CORPORATION are employed on an "at will" basis, and both the employee and the Company retain the right to terminate this "at will" relationship at any time.

My signature certifies that I have been provided access and opportunity to read this Policy Manual. Furthermore, I have been encouraged to read thoroughly the policies contained in this Policy Manual. I acknowledge and understand that this Policy Manual is accessible through the Company's inFA.net and that I may review a printed copy of the Policy Manual upon request from my Terminal Manager or Department Manager. I agree to abide by the rules and regulations contained in the Policy Manual.

EMPLOYEE NAME (PRINT)

EMPLOYEE SIGNATURE

DATE

ACKNOWLEDGMENT AND RECEIPT (EMPLOYEE'S COPY)

I understand that this Policy Manual is not a contract. I understand that it is intended as a general information guide to inform me of the current policies and programs of FORWARD AIR CORPORATION. It is not intended to be a comprehensive listing of all of the Company's policies and procedures. Moreover, due to the need to accommodate changes, I understand that FORWARD AIR CORPORATION reserves the right to amend, modify or cancel any of the rules and policies set forth in this Policy Manual at any time, with or without notice to employees.

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EMPLOYEE NAME (PRINT)

EMPLOYEE SIGNATURE

DATE