

FORWARD AIR CORP
Form DEF 14A
March 30, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12

FORWARD AIR CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: FORWARD AIR CORP - Form DEF 14A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 31, 2017

Dear Fellow Shareholder:

On behalf of the Board of Directors and management of Forward Air Corporation, you are cordially invited to attend the 2017 Annual Meeting of Shareholders on Tuesday, May 9, 2017, beginning at 8:00 a.m., EDT in The Explorer Room at the Atlanta Airport Marriott Gateway, 2020 Convention Center Concourse, Atlanta, GA 30337.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the meeting in person, please vote and submit your proxy over the Internet, by telephone or by completing, signing, dating and returning the enclosed proxy in the envelope provided as promptly as possible. If you attend the meeting and desire to vote in person, you may do so even though you have previously submitted a proxy.

I hope you will be able to join us, and we look forward to seeing you at the meeting.

Sincerely yours,

Bruce A. Campbell

Chairman, President and Chief Executive Officer

FORWARD AIR CORPORATION

1915 Snapps Ferry Road, Building N

Greeneville, Tennessee 37745

NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 9, 2017

To the Shareholders of Forward Air Corporation:

The 2017 Annual Meeting of Shareholders of Forward Air Corporation (the Company) will be held on Tuesday, May 9, 2017, beginning at 8:00 a.m., EDT, in The Explorer Room at the Atlanta Airport Marriott Gateway, 2020 Convention Center Concourse, Atlanta, GA 30337.

Attendance at the Annual Meeting will be limited to shareholders, those holding proxies from shareholders and representatives of the Company, press and financial community. To gain admission to the Annual Meeting, you will need to bring identification and will need to show that you are a shareholder of the Company. If your shares are registered in your name and you plan to attend the Annual Meeting, please retain and bring the top portion of the enclosed proxy card as your admission ticket. If your shares are in the name of your broker or bank, or you received your proxy materials electronically, you will need to bring evidence of your stock ownership, such as your most recent brokerage account statement.

The purposes of this meeting are:

1. To re-elect seven members of the Board of Directors with terms expiring at the 2018 Annual Meeting of Shareholders, or until their respective successors are elected and qualified;
2. To ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the Company for the 2017 fiscal year;
3. To approve, on a non-binding, advisory basis, the compensation of the named executive officers (the say on pay vote);
4. To approve, on a non-binding, advisory basis, whether future say on pay votes should occur every one, two, or three years (the say on frequency vote); and
5. To transact such other business as may properly come before the Annual Meeting and at any adjournment or postponement thereof.

We will make available a list of shareholders of record as of March 10, 2017, the record date for the Annual Meeting, for inspection by shareholders during normal business hours from March 16, 2017 until May 8, 2017 at the Company's principal place of business, 1915 Snapps Ferry Road, Building N, Greeneville, Tennessee 37745. The list also will be available to shareholders at the meeting.

Edgar Filing: FORWARD AIR CORP - Form DEF 14A

Only holders of the Company's common stock, par value \$0.01 per share, of record at the close of business on March 10, 2017 are entitled to notice of and to vote at the Annual Meeting. Shareholders are cordially invited to attend the meeting in person. **Our Board of Directors recommends a vote FOR each of the director nominees in proposal 1, FOR proposals 2 and 3 and for the 1 year option in proposal 4.**

It is important that your shares be represented at the Annual Meeting. Whether or not you expect to attend the meeting, please vote and submit your proxy over the Internet, by telephone or by mail. Please refer to the proxy card for specific voting instructions. If you attend the meeting and desire to vote in person, you may do so even though you have previously submitted a proxy. You may revoke your proxy at any time before it is voted.

By Order of the Board of Directors,

Michael L. Hance
*Senior Vice President,
Chief Legal Officer and Secretary*

Greeneville, Tennessee
March 31, 2017

We mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access our Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2016 on or about March 31, 2017.

Our Proxy Statement and Annual Report are available online at: www.proxyvote.com.

FORWARD AIR CORPORATION

1915 Snapps Ferry Road, Building N

Greeneville, Tennessee 37745

(423) 636-7000

PROXY STATEMENT

FOR

ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to the shareholders of Forward Air Corporation (the **Company**) in connection with the solicitation of proxies by the Board of Directors of the Company (the **Board**) for use at the 2017 Annual Meeting of Shareholders (the **Annual Meeting**) to be held on Tuesday, May 9, 2017, beginning at 8:00 a.m., EDT, in The Explorer Room at the Atlanta Airport Marriott Gateway, 2020 Convention Center Concourse, Atlanta, GA 30337, and any adjournment or postponement thereof, for the purposes set forth in the foregoing Notice of 2017 Annual Meeting of Shareholders.

You can ensure that your shares are voted at the Annual Meeting by submitting your instructions over the Internet, by telephone or by completing, signing, dating and returning the enclosed proxy in the envelope provided. You may revoke your proxy at any time before it is exercised by voting in person at the Annual Meeting or by delivering written notice of your revocation to, or a subsequent proxy to, the Secretary of the Company at its principal executive offices. Each properly executed proxy will be voted **FOR** each of the director nominees in proposal 1, **FOR** proposals 2 and 3 and for the **1 year** option in proposal 4 if no contrary instruction is indicated in the proxy, and in the discretion of the persons named in the proxy on any other matter that may properly come before the shareholders at the Annual Meeting.

Shareholders are entitled to one vote for each share of common stock held of record at the close of business on March 10, 2017 (the **Record Date**). There were 30,260,107 shares of our common stock, par value \$0.01 per share (**common stock**), issued and outstanding on the Record Date. Holders of Series A Junior Preferred Stock, par value \$0.01 per share (**preferred stock**) are entitled to vote with holders of shares of common stock together as one class on all matters submitted to a shareholder vote. However, as of the record date, no shares of our preferred stock were outstanding. The presence, in person or by proxy, of a majority of shares of common stock will, therefore, constitute a quorum at the Annual Meeting.

The affirmative vote of a plurality of the votes cast by the shareholders entitled to vote at the Annual Meeting is required for the election of directors. A properly executed proxy marked **Withhold Authority** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted in determining whether there is a quorum. Therefore, so long as a quorum is present, withholding authority will have no effect on the election of directors.

In the event that any nominee for director in an uncontested election receives a greater number of votes **withheld** from his or her election than votes **for** such election, such director shall tender his or her resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee shall recommend to the Board the action to be taken with respect to the resignation. The Board will publicly disclose its decision within 90 days of the certification of the election results.

The ratification of Ernst & Young LLP as the independent registered public accounting firm of the Company for the 2017 fiscal year, the say on pay vote and any other matter that properly comes before the Annual Meeting will be approved by a majority of the votes cast. A properly executed proxy marked

Abstain with respect to such proposals will not be voted on such proposals, although it will be counted in determining whether there is a quorum. Therefore, as long as a quorum is present, abstaining from proposals 2 and 3 or any other proposal that properly comes before the Annual Meeting will have no effect on whether such proposals are approved.

For the say on frequency vote, we will consider that the shareholders have recommended whichever option (one, two or three years) receives the greatest number of votes cast. A properly executed proxy marked **Abstain** with respect to such proposal will not be voted on that proposal, although it will be counted in determining whether there is a quorum. Therefore, as long as a quorum is present, abstaining from proposal 4 will have no effect on the outcome of the proposal.

Brokers who hold shares for the accounts of their clients who do not receive voting instructions may not vote for matters that are not considered routine. The matters contained in this Proxy Statement that are not considered routine are the election of the Board, the say on pay vote and the say on frequency vote. Shares held by your broker will not be voted on these matters absent specific instruction from you, which means your shares may go unvoted and not affect the outcome if you do not specify a vote. Proxies that are returned to us where brokers have received instructions to vote on one or more proposal(s) but have not received instructions to vote on other proposal(s) are referred to as broker non-votes with respect to the proposal(s) not voted upon. Broker non-votes are included in determining the presence of a quorum but will have no effect on whether such proposals are approved.

The Company will bear the cost of soliciting proxies for the Annual Meeting. Our officers and employees may also solicit proxies by mail, telephone, e-mail or facsimile transmission. They will not be paid additional remuneration for their efforts. Upon request, we will reimburse brokers, dealers, banks and trustees, or their nominees, for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of shares of our common stock.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2017 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2017.

The Company's Proxy Statement for the 2017 Annual Meeting of Shareholders and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 are available at www.proxyvote.com.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Amended and Restated Bylaws (Bylaws) permit the Board to fix the size of the Board. At the date of this Proxy Statement, our Board is comprised of nine directors, eight of whom are non-employee directors. Two of our current directors, Tracy Leinbach and Larry Leinweber, have decided to retire from our Board effective immediately prior to the Annual Meeting, and, as a result, will not stand for re-election at such meeting. Accordingly, the size of our Board will be reduced to seven directors immediately upon their retirement. There are seven nominees for election at the Annual Meeting, each to hold office until the 2018 Annual Meeting of Shareholders or until a successor has been duly elected and qualified. Each nominee has consented to serve if elected.

In the event any director nominee, in an uncontested election, receives a greater number of votes withheld from his or her election than votes for such election, he or she shall tender his or her resignation for consideration by the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee shall recommend to the Board the action to be taken with respect to the resignation. The Board will publicly disclose its decision within 90 days of the certification of the election results.

Recommendation of the Board

The Board recommends a vote FOR the election of the seven nominees named below. Duly executed proxies will be so voted unless record holders specify a contrary choice on their proxies. Proxies cannot be voted for a greater number of persons than the number named.

Shareholder Vote Requirement

The nominees for election shall be elected by a plurality of the votes cast by the shares of common stock entitled to vote at the Annual Meeting. Shareholders have no right to vote cumulatively for directors. Each share shall have one vote for each directorship to be filled on the Board.

Director Nominees

The following persons are the nominees for re-election to serve as directors. There are no family relationships between any of the director nominees. Each director nominee is standing for re-election by the shareholders. Certain information relating to the nominees, furnished by the nominees, is set forth below. The ages set forth below are accurate as of the date of this Proxy Statement.

The Board has determined that all of its current directors are qualified to serve as directors of the Company. In addition to the specified business experience listed below, each of the directors has the skills and attributes which the Board believes are required to be an effective director of the Company, including experience at senior levels in areas of expertise helpful to the Company, a willingness and commitment to assume the responsibilities required of a director of the Company and the character and integrity the Board expects of its directors.

RONALD W. ALLEN

Director since 2014

and from 2011 to
2013

Age 75

Mr. Allen retired as the Chief Executive Officer of Aaron's, Inc. (Aaron's), a leading lease-to-own company for furniture, appliances and electronics, in August 2014. He served as the Chairman of the Board of Directors of Aaron's and as its President and Chief Executive Officer from November 2012 until April 2014, continuing in the role of Chief Executive Officer until August 2014. Before being elected as Chairman of the Board of Aaron's, Mr. Allen served as President and Chief Executive Officer from February 2012 until November 2012, and as its Interim President and Chief Executive Officer from November 2011 until February 2012. Mr. Allen retired as the Chairman of the Board, President and Chief Executive Officer of Delta Air Lines, Inc. (Delta) in July 1997. From July 1997 through July 2005, Mr. Allen was a consultant to and Advisory Director of Delta. Mr. Allen has been a Director of The Coca-Cola Company since 1991 and currently serves on its finance committee and as Chairman of its audit committee. In addition, he has been a Director of Aircastle Limited since 2006 and currently serves on its audit committee. He previously served as a Director of Interstate Hotels & Resorts, Inc. from 2006 to 2010 and Guided Therapeutics Inc. from 2008 to 2014.

Qualifications. The Board believes Mr. Allen brings a significant depth of senior leadership and governance experience to the Board.

BRUCE A. CAMPBELL

Director since 1993
Age 65

Mr. Campbell has served as President of the Company since August 1998, as our Chief Executive Officer since October 2003 and as Chairman of the Board since May 2007. Mr. Campbell was Chief Operating Officer of the Company from April 1990 until October 2003 and served as our Executive Vice President from April 1990 until August 1998. Prior to joining the Company, Mr. Campbell served as Vice President of Ryder-Temperature Controlled Carriage in Nashville, Tennessee from September 1985 until December 1989. Mr. Campbell has held a leadership role with the Company for over 26 years, has served as our Chief Executive Officer for over 13 years and as our Chairman for over 9 years.

Qualifications. The Board believes that Mr. Campbell possesses a wealth of industry knowledge, experience and expertise and has been a strong, proven leader of the Company.

C. ROBERT CAMPBELL

Director since 2005
Age 72

Mr. Campbell has served as the Company's Lead Independent Director since May 2014. He served as Executive Vice President and Chief Financial Officer of MasTec, Inc., a leading communications and energy infrastructure service provider in North America, from October 2004 until December 2013. Mr. Campbell has over 25 years of senior financial management experience. From January 2002 to October 2004, Mr. Campbell was Executive Vice President and Chief Financial Officer for TIMCO Aviation Services, Inc. Mr. Campbell was the President and Chief Executive Officer of BAX Global, Inc. from April 1998 to June 2000. He served as Executive Vice President-Finance and Chief Financial Officer for Advantica Restaurant Group, Inc. from March 1995 to March 1998. Also, Mr. Campbell worked for Ryder System, Inc., for over 20 years including serving for 10 years as Executive Vice President and Chief Financial Officer for its Vehicle Leasing and Services Division. Mr. Campbell is a Certified Public Accountant (Inactive). Mr. Campbell is a Director of Pernix Group, Inc. since January 2014 and currently serves on its compensation committee and as Chairman of its audit committee. In addition, Mr. Campbell is a Director of MasTec, Inc. since September 2016.

Qualifications. The Board believes that Mr. Campbell brings to the Company a tremendous amount of industry-related knowledge and experience in a multitude of areas, including accounting, finance, operations, sales and marketing as he has served in executive leadership capacities with transportation and logistics companies and as Chief Financial Officer for a publicly-traded concern, until his retirement in December 2013.

R. CRAIG CARLOCK

Director since 2015
Age 50

Mr. Carlock served as the President and Chief Executive Officer of The Fresh Market from January 2009 to January 2015 and as a member of its board of directors from June 2012 to January 2015. He began his career with The Fresh Market in 1999 and served in various capacities culminating with the position of President and Chief Executive Officer. During his time with The Fresh Market, Mr. Carlock served as its Executive Vice President and Chief Operating Officer as well as its Senior Vice President - Store Operations, Vice President - Merchandising and Marketing, and Director of Merchandising & Marketing Strategy. Prior to joining The Fresh Market, Mr. Carlock was Financial Manager, Fabric Care Category, at Procter & Gamble Company.

Qualifications. The Board believes that Mr. Carlock's leadership experience is invaluable to management and the Board in, among other things, the areas of strategy, development and corporate governance.

C. JOHN LANGLEY, JR., Ph.D.

Director since 2004

Age 71

Dr. Langley has served as Clinical Professor of Supply Chain Management and Director of Development for The Center for Supply Chain Research at The Pennsylvania State University since 2011. Formerly, Dr. Langley served as Professor of Supply Chain Management at the Georgia Institute of Technology from September 2001 until October 2010, and from September 1973 until July 2001, he was the John H. Dove Professor of Logistics and Transportation at the University of Tennessee. Dr. Langley is a Director of Averitt Express, Inc. In addition, he was a Director of UTi Worldwide, Inc. until its sale in 2016. He served on its audit committee and nominations and corporate governance committee.

Qualifications. Dr. Langley has spent over 40 years teaching, lecturing and consulting in the logistics field. He brings a breadth of knowledge and experience that the Board and management relies upon in discussing the Company's strategy and opportunities.

G. MICHAEL LYNCH

Director since 2005

Age 73

Mr. Lynch served as the Company's Lead Independent Director from January 2009 to December 2011. He was Executive Vice President and Chief Financial Officer and a member of the Strategy Board for Federal-Mogul Corporation (Federal-Mogul) from July 2000 until March 2008. Federal-Mogul is a global manufacturer and marketer of automotive component parts. Prior to joining Federal-Mogul in July 2000, Mr. Lynch worked at Dow Chemical Company, where he was Vice President and Controller. Mr. Lynch also spent 29 years at Ford Motor Company (Ford), where his most recent position was Controller, Automotive Components Division, which ultimately became Visteon Corporation. While at Ford, Mr. Lynch held a number of varied financial assignments, including Executive Vice President and Chief Financial Officer of Ford New Holland. Mr. Lynch served as Director for Champion Enterprises, Inc. from March 2003 to March 2011, where he served as Chairman of its audit committee.

Qualifications. Mr. Lynch brings over 40 years' experience of serving in key positions with Fortune 500 companies, and approximately 10 years' experience serving as a director on public company boards. The Board believes that Mr. Lynch utilizes that experience in his service as a member of the Corporate Governance and Nominating Committee and as Chairman of the Audit Committee.

DOUGLAS M. MADDEN

Director since 2015

Age 64

Mr. Madden served as Chief Operating Officer of Celanese Corporation, a specialty chemical and technology company (Celanese), from December 2009 until his retirement in March 2013. Prior to his appointment to the Chief Operating Officer position, Mr. Madden served as Executive Vice President, with responsibilities for Celanese's Acetyl Intermediates and Industrial Specialties Group as well as executive responsibility for the Asia Pacific Region. During his nearly 30 years with Celanese, he served in many executive leadership roles including President of Consumer Specialties Segment and President of Advanced Engineered Materials Segment. Earlier in his career, he held other leadership roles at Celanese, including Head of Global Supply Chain; Vice President and Chief Financial Officer of Technical Fibers; Vice

President-Finance of Hoechst Roussel Pharmaceuticals, a joint venture company with Celanese; and Vice President of Corporate Business Support Functions. Before joining Celanese, Mr. Madden served in operations and distribution management roles within Warner-Lambert Co. and Johnson & Johnson.

Qualifications. Mr. Madden brings substantial strategic knowledge and distinctive business experience to the Board, which is essential to management and the Board.

CORPORATE GOVERNANCE

Independent Directors

The Company's common stock is listed on The NASDAQ Stock Market LLC (Nasdaq). Nasdaq requires that a majority of the Company's directors be independent directors, as defined in Nasdaq Marketplace Rule 5605. Generally, a director does not qualify as an independent director if, among other reasons, the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. The Board has affirmatively determined that eight of the Company's nine current directors are independent directors on the basis of Nasdaq's standards and a review of each director's responses to questionnaires asking about any material relationships or affiliations with us.

The independent directors are Ronald W. Allen, C. Robert Campbell, R. Craig Carlock, C. John Langley, Jr., Tracy A. Leinbach, Larry D. Leinweber, G. Michael Lynch and Douglas M. Madden.

Corporate Governance Guidelines

The Board has adopted Corporate Governance Guidelines that give effect to Nasdaq's requirements related to corporate governance and various other corporate governance matters. The Company's Corporate Governance Guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term shareholder value. The topics addressed in our Corporate Governance Guidelines include, among other things:

Lead independent director;

Independence of the Board;

Board membership criteria and role of the Board;

Committees of the Board;

Director orientation and continuing education;

Independent director stock ownership guidelines;

Director resignation policy in uncontested elections; and

Leadership development and succession planning.

The Company's Corporate Governance Guidelines are available through the Investor Relations Governance link on the Company's website, www.forwardaircorp.com.

Independent Director Meetings

Pursuant to the Company's Corporate Governance Guidelines, the Company's independent directors meet in executive session without management on a regularly scheduled basis, but not less frequently than quarterly. The Lead Independent Director presides at such executive sessions or, in his or her absence, an independent director designated by such Lead Independent Director.

Interested parties who wish to communicate with the Chairman of the Board, Lead Independent Director, or the independent directors as a group should follow the procedures found below under Shareholder Communications.

Director Nominating Process

Shareholders wishing to communicate with the Corporate Governance and Nominating Committee concerning potential director candidates may do so by corresponding with the Corporate Secretary at Forward Air Corporation, 1915 Snapps Ferry Road, Building N, Greeneville, Tennessee 37745, and including the name and biographical data of the individual being suggested.

All recommendations should include the written consent of the nominee to be nominated for election to the Board. To be considered, the Company must receive recommendations at least 90 calendar days but not more than 120 calendar days prior to the one year anniversary of the prior year's Annual Meeting of Shareholders and include all required information to be considered. In the case of the 2018 Annual Meeting of Shareholders, this deadline is between January 9, 2018 and February 8, 2018. All recommendations will be brought to the attention of the Corporate Governance and Nominating Committee.

The Corporate Governance and Nominating Committee annually reviews the appropriate experience, skills and characteristics required of Board members in the context of the current membership of the Board. This assessment includes among other relevant factors in the context of the perceived needs of the Board at that time, the possession of such knowledge, experience, skills, expertise and diversity to enhance the Board's ability to manage and direct the affairs and business of the Company.

The Board has established the following process for the identification and selection of candidates for director. The Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and Lead Independent Director, if any, periodically examines the composition of the Board and determines whether the Board would better serve its purposes with the addition of one or more directors. If the Corporate Governance and Nominating Committee determines that adding a new director is advisable, the Corporate Governance and Nominating Committee initiates the search, working with other directors and management and, if appropriate or necessary, a third-party search firm that specializes in identifying director candidates.

The Corporate Governance and Nominating Committee will consider all appropriate candidates proposed by management, directors and shareholders. Information regarding potential candidates shall be presented to the Corporate Governance and Nominating Committee, and it shall evaluate the candidates based on the needs of the Board at that time and the candidates' knowledge, experience, skills, expertise and diversity, as set forth in the Company's Corporate Governance Guidelines. In particular, the Board and the Corporate Governance and Nominating Committee believe that the Board should be comprised of a well-balanced group of individuals. Although the Board does not have a formal policy regarding board diversity, the Board believes that having diversity of knowledge, experience, skills and expertise among its members enhances the Board's ability to make fully informed, comprehensive decisions.

Potential candidates will be evaluated according to the same criteria, regardless of whether the candidate was recommended by shareholders, the Corporate Governance and Nominating Committee, another director, Company management, a search firm or another third party, except that in the case of shareholder recommendations, the Corporate Governance and Nominating Committee may also take into consideration the number of shares of Company stock held by the recommending shareholder and the length of time that such shares have been held. The Corporate Governance and Nominating Committee will submit any recommended candidate(s) to the Board for approval and recommendation to the shareholders.

Annual Performance Evaluations

The Company's Corporate Governance Guidelines provide that the Board shall conduct an annual evaluation to determine, among other matters, whether the Board and the Committees are functioning effectively. The Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee are also required to each conduct an annual self-evaluation. The Corporate Governance and Nominating Committee is responsible for overseeing this self-evaluation process.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics that applies to all Company employees, officers and directors, which is available through the Investor Relations Governance link on the Company's website, www.forwardaircorp.com. The Code of Business Conduct and Ethics complies with Nasdaq and Securities and Exchange Commission (the SEC) requirements. The Company will also mail the Code of Business Conduct and Ethics to any shareholder who requests a copy. Requests may be made by contacting the Secretary as described below under Shareholder Communications.

Board Attendance

The Company's Corporate Governance Guidelines provide that all directors are expected to regularly attend meetings of the Board and committees on which they serve and are also expected to attend the Annual Meeting of Shareholders. During 2016, the Board held seven meetings. All of the incumbent directors who were on the Board during 2016 attended at least 75% of the aggregate number of meetings of the Board and meetings of committees of the Board on which they served during 2016. There were nine directors at the time of the 2016 Annual Meeting of Shareholders, and all nine incumbent directors attended the 2016 Annual Meeting of Shareholders.

Board Committees

The Board presently has four standing committees: an Executive Committee, an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. The charters of the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, are available through the Investor Relations Governance link on the Company's website, www.forwardaircorp.com. With the exception of the Executive Committee, each committee has authority to engage legal counsel or other experts or consultants as it deems appropriate to carry out its responsibilities. Additional information regarding the functions of the Board's committees, the number of meetings held by each committee during 2016 and their present membership is set forth below.

The Board nominated each of the nominees for election as a director and each nominee currently is a director. Assuming election of all of the director nominees, the following is a list of persons who will constitute the Board following the meeting, including their current committee assignments.

Name	Audit	Compensation	Executive	Corporate Governance and Nominating
Bruce A. Campbell			X	
C. Robert Campbell			X	
Ronald W. Allen		X	X	Chair
R. Craig Carlock	X			
C. John Langley, Jr.		Chair		

Edgar Filing: FORWARD AIR CORP - Form DEF 14A

G. Michael Lynch	Chair			X
Douglas M. Madden	X	X		
Number of Meetings in 2016	4	5	0	3
	9			

* *Ms. Leinbach and Mr. Leinweber will retire from our Board effective immediately prior to the Annual Meeting and will not stand for re-election.*

Executive Committee. The Executive Committee is authorized, to the extent permitted by law and the Bylaws of the Company, to act on behalf of the Board on all matters that may arise between regular meetings of the Board upon which the Board would be authorized to act, subject to certain materiality restrictions established by the Board.

Audit Committee. The Audit Committee is responsible for overseeing the Company's financial reporting process on behalf of the Board. The Audit Committee engages the Company's independent registered public accounting firm, considers the fee arrangement and scope of the audit, reviews the financial statements and the independent registered public accounting firm's report, considers comments made by such firm with respect to the Company's internal control structure, and reviews the internal audit process and internal accounting procedures and financial controls with the Company's financial and accounting staff. In addition, the Audit Committee assists the Board in its oversight of the Company's legal compliance and ethics programs. A more detailed description of the Audit Committee's duties and responsibilities can be found in the Audit Committee Report on page 47 of this Proxy Statement and in the Audit Committee Charter.

The Board has determined that each member of the Audit Committee meets the independence requirements under Nasdaq listing standards and the enhanced independence standards for audit committee members required by the SEC. In addition, the Board has determined that each member of the Audit Committee meets the definition of an audit committee financial expert, as that term is defined by the rules and regulations of the SEC.

Compensation Committee. The Compensation Committee is responsible for determining the overall compensation levels of the Company's executive officers and reviewing, approving and administering the Company's employee incentive plans and other employee benefit plans. Additionally, it reviews and approves the Compensation Discussion and Analysis for inclusion in the proxy statement (see pages 19-35 of this Proxy Statement). Furthermore, the Compensation Committee oversees management succession planning along with the Corporate Governance and Nominating Committee.

In fulfilling its responsibilities, the Compensation Committee may delegate its responsibilities to a subcommittee consisting of members of the Compensation Committee and, to the extent not expressly reserved to the Compensation Committee by the Board or by applicable law, rule or regulation, to any other committee consisting entirely of independent directors. The Company's Chief Executive Officer may not be present during deliberations or voting regarding his or her compensation. To the extent helpful to the work of the Compensation Committee, however, the Company's Chief Executive Officer may be invited by the Compensation Committee to participate in discussion relating to his or her compensation that may precede further deliberation or voting.

The Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian), an independent consultant, to assist it during 2016. During the year, the consultant reviewed materials prepared by management and provided the Compensation Committee with information on compensation trends, best practices and changes in the regulatory environment, in addition to providing executive compensation benchmarking information. Meridian provided no services other than those related to executive and director pay and related governance.

The Board has determined that each member of the Compensation Committee is independent pursuant to Nasdaq listing standards, Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act) and Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). In addition, the Compensation Committee, considering all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act, is not aware of any conflict of interest that has been raised by the work performed by Meridian.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is responsible for identifying individuals qualified to become Board members and recommending them to the Board for consideration. This responsibility includes all potential candidates, whether initially recommended by management, other Board members or shareholders. In addition, the Corporate Governance and Nominating Committee makes recommendations to the Board for Board committee assignments, develops and annually reviews corporate governance guidelines for the Company, and otherwise oversees corporate governance matters. The Corporate Governance and Nominating Committee is responsible for overseeing the annual evaluation of the Board and for periodically reviewing and making recommendations to the Board regarding director compensation for the Board s approval. Furthermore, the Corporate Governance and Nominating Committee oversees management succession planning along with the Compensation Committee.

A description of the Committee s policy regarding director candidates nominated by shareholders appears in the section titled Director Nominating Process above. The Board has determined that each member of the Corporate Governance and Nominating Committee is independent pursuant to Nasdaq listing standards.

Compensation Committee Interlocks and Insider Participation

During 2016, none of the members of the Compensation Committee was an officer or employee of the Company, and no executive officer of the Company served on the Compensation Committee or board of any company that employed any member of the Company s Compensation Committee or Board. Accordingly, there were no interlocks with other companies within the meaning of the SEC s proxy rules during 2016.

Certain Relationships and Related Person Transactions

The Audit Committee of the Board reviews all relationships and transactions in which the Company and its directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Other than as provided in the Audit Committee Charter, the Company does not have a written policy governing related person transactions. The Company s legal staff is primarily responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to the Company or a related person are required to be disclosed in a company s proxy statement. In addition, the Audit Committee reviews and approves or ratifies any related person transaction that is required to be disclosed. In the course of its review and approval or ratification of a disclosable related person transaction, the Audit Committee considers:

the nature of the related person s interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the importance of the transaction to the related person; and

the importance of the transaction to the Company.

Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the Audit Committee when considering the transaction.

Based on information provided by the directors, director nominees and executive officers, and the Company's legal department, the Audit Committee determined that there are no related person transactions to be reported in this Proxy Statement.

Board Leadership Structure

In accordance with our Bylaws and Corporate Governance Guidelines, the Board is responsible for selecting the Chief Executive Officer and the Chairman of the Board, and both of these positions may be held by the same person or they may be held by two persons. The Company's Corporate Governance Guidelines require the election, by the Board, of an independent lead director to serve during any period when there is no independent Chairman of the Board. Currently, C. Robert Campbell serves as Lead Independent Director and he has served in that capacity since May of 2014.

The Company has operated for over nine years using a board leadership structure, in which the Chief Executive Officer also serves as Chairman of the Board. The Board believes that the Company, with its current Chief Executive Officer and Chairman, has been well-served by this leadership structure. Having Mr. Campbell serve as both Chief Executive Officer and Chairman of the Board demonstrates for the Company's employees, suppliers, customers and other stakeholders that the Company is under strong leadership, with a single person setting the tone and having primary responsibility for managing its operations. The Board believes having Mr. Campbell serve as Chief Executive Officer and Chairman of the Board is best for the Company and its shareholders at the present time. He has led the Company as Chief Executive Officer since 2003, has worked with two Chairmen and four Lead Independent Directors, is a recognized leader in the transportation industry and has all of the skills incumbent to serve as a board chair.

The Chairman of the Board is responsible for (a) chairing Board meetings and the Annual Meeting, (b) setting the agendas for these meetings, (c) attending Board committee meetings and (d) providing information to Board members in advance of each Board meeting and between Board meetings. The Lead Independent Director is responsible for (i) chairing executive sessions of the independent directors and communicating with management relating to these sessions, and presiding at all meetings of the Board at which the Chairman is not present, (ii) approving agendas and schedules for Board meetings and the information that is provided to directors, and (iii) serving as a liaison between the Chairman and the independent directors. The Lead Independent Director also has the authority to call meetings of the independent directors.

The Board believes that, in addition to fulfilling our lead director responsibilities, the Lead Independent Director makes valuable contributions to the Company, including but not limited to: (a) monitoring the performance of the Board and seeking to develop a high-performing Board, for example, by helping the directors reach consensus, keeping the Board focused on strategic decisions, taking steps to ensure that all the directors are contributing to the work of the Board, and coordinating the work of the four Board Committees, (b) developing a productive relationship with our Chief Executive Officer and ensuring

effective communication between the Chief Executive Officer and the Board, and (c) ensuring and supporting effective shareholder communications. Accordingly, the Board believes that the Company has benefited from having the Chairman/Chief Executive Officer as the leader of the Company, and having the Lead Independent Director serving as the leader of the independent directors.

On an annual basis, as part of our review of corporate governance and succession planning, the Board (led by the Corporate Governance and Nominating Committee) evaluates the Board's leadership structure, to ensure that it remains the optimal structure for the Company and its shareholders. The Board recognizes that different board leadership structures may be appropriate for companies with different histories and cultures, as well as companies with varying sizes and performance characteristics. The Board believes its current leadership structure under which the Chief Executive Officer serves as Chairman of the Board, the Board Committees are chaired by independent directors and a Lead Independent Director assumes specified responsibilities on behalf of the independent directors is presently the optimal board leadership structure for the Company and its shareholders.

Risk Oversight

On at least a quarterly basis, the Company's Chief Legal Officer provides a comprehensive risk report to the Audit Committee and the Board. While the Audit Committee has primary responsibility for overseeing financial risks, the Board is charged with overseeing the Company's enterprise risks. Accordingly, on an annual basis, the Board receives a report from the Company's Chief Legal Officer on the most significant risks that the Company is facing. The full Board also engages in periodic discussions about enterprise risk management with our Chief Legal Officer, Chief Executive Officer, Chief Financial Officer and other Company officers as the Board may deem appropriate. In addition, each of our Board Committees considers the risks within its area of responsibilities. For example, the Compensation Committee considers the risks that may be implicated by the Company's executive compensation programs, and the Corporate Governance and Nominating Committee considers the best governance structure and guidelines for the Company to minimize enterprise risks brought about by weak governance. The Board believes that its leadership structure supports the Board's effective oversight of the Company's enterprise risks.

DIRECTOR COMPENSATION

The general policy of the Board is that compensation for non-employee directors should be a mix of cash and equity-based compensation. The Company does not pay employee directors for Board service in addition to their regular employee compensation.

The Corporate Governance and Nominating Committee, which consists solely of independent non-employee directors, has the primary responsibility for reviewing and considering any revisions to the non-employee director compensation program.

In accordance with the Corporate Governance and Nominating Committee's recommendations, the non-employee directors' cash compensation program is as follows:

an annual cash retainer of \$50,000 for all non-employee directors;

an additional annual cash retainer of \$35,000 for the Lead Independent Director;

an additional annual cash retainer of \$15,000 for the Audit Committee Chair;

an additional annual cash retainer of \$7,500 for the Corporate Governance and Nominating Committee Chair;

an additional annual cash retainer of \$10,000 for the Compensation Committee Chair; and

an additional annual cash retainer of \$8,500 for all non-Chair Audit Committee members, an additional annual cash retainer of \$7,000 for all non-Chair Compensation Committee members and an additional annual cash retainer of \$5,000 for all non-Chair Corporate Governance and Nominating Committee members.

All directors are reimbursed reasonable travel expenses for meetings attended in person. The Company also reimburses directors for expenses associated with participation in continuing director education programs.

In addition, effective May 22, 2007, the Company's shareholders approved the Company's Amended and Restated Non-Employee Director Stock Plan, as further amended on February 8, 2013 and January 25, 2016 (the "Amended Plan"). Under the Amended Plan, on the first business day after each Annual Meeting of Shareholders, each non-employee director is automatically granted an award (the "Annual Grant") in such form and size as the Board determines from year to year. Unless otherwise determined by the Board, the Annual Grants will become vested and non-forfeitable on the earlier of (a) the day immediately prior to the first Annual Meeting that occurs after the grant date or (b) the first anniversary of the grant date, so long as the non-employee director's service with the Company does not earlier terminate. In both 2015 and 2016, each non-employee director received restricted shares valued at \$86,000 pursuant to the Amended Plan.

Finally, the Board believes that directors more effectively represent the Company's shareholders, whose interests they are charged with protecting, if they are shareholders themselves. Therefore, the Board established certain independent director stock ownership guidelines which are set forth in the Company's Corporate Governance Guidelines. Specifically, the Company's independent directors are required to own shares of the Company's common stock, with a

value equal to at least three times the annual cash retainer for independent directors. Each new independent director has three years from the date he or she joins the Board to obtain this ownership stake. With the exception of Mr. Madden and Mr. Carlock, both of whom joined the Board in 2016, each independent director has achieved the stock ownership guidelines set forth in the

Company's Corporate Governance Guidelines. The following table shows the compensation the Company paid in 2016 to its non-employee directors. The Company does not pay employee directors for Board service in addition to their regular employee compensation.

Name	Fees Paid in Cash (\$)	Stock Awards (\$ (1))	Dividends (\$ (2))	Total (\$)
Ronald W. Allen	\$ 60,750	\$ 86,000	\$ 963	\$ 147,713
C. Robert Campbell	85,000	86,000	3,562	174,562
R. Craig Carlock	58,500	86,000	963	145,463
C. John Langley, Jr.	60,000	86,000	963	146,963
Tracy A. Leinbach	62,000	86,000	5,965	153,965
Larry D. Leinweber	62,000	86,000	963	148,963
G. Michael Lynch	68,000	86,000	963	154,963
Douglas M. Madden	61,250	86,000	963	148,213
Gary L. Paxton	23,214		197	23,411

- (1) Represents the aggregate grant date fair value of non-vested restricted shares and deferred stock unit awards. The fair values of these awards were determined in accordance with FASB ASC Topic 718. The assumptions used in determining the grant date fair value of these awards are set forth in the notes to the Company's consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC.
- (2) Represents dividend payments on non-vested restricted shares or dividend equivalents credited on deferred stock unit awards granted during 2016 and 2015. These dividend payments and dividend equivalents are non-forfeitable.

The following table indicates the aggregate number of outstanding options held by each incumbent director at the end of 2016, and the aggregate number of deferred stock units or non-vested restricted shares held by each incumbent director at the end of 2016 and those shares or units that have not yet vested.

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Shares or Units of Stock Held That Have Not Vested
Ronald W. Allen		1,965