

PROJECT AIR

Prepared by Ancora Alternatives

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ANCORA ALTERNATIVES

Firm Overview

- › Ancora Alternatives LLC is the alternative asset management division of Ancora Holdings Group, LLC, which is a diversified investment and wealth management platform overseeing more than \$8.8 billion in client assets.
- › Ancora Alternatives LLC manages approximately \$1.3 billion for a diversified group of institutional investors and qualified individual clients.*
- › The Alternatives team has a track record of using private and when necessary, public engagement with portfolio companies to catalyze corporate governance improvements and long-term value creation.

*Ancora Alternatives LLC AUM as of 9/15/2023 per ADV

Recent Value-Enhancing Engagements

MUELLER

- ✓ Accelerated Board refresh with two independent directors in 2022
- ✓ Formation of Capital Allocation and Operations Committee in 2022
- ✓ Renewed settlement agreement in August 2023
- ✓ Supportive of leadership transition with formal search process for new CEO ongoing



- ✓ Appointment of three independent directors in 2022
- ✓ Formation of Capital Allocation Committee in 2022
- ✓ Engagement led to business optimization strategy, strategic alternatives for HH&S segment and new CEO

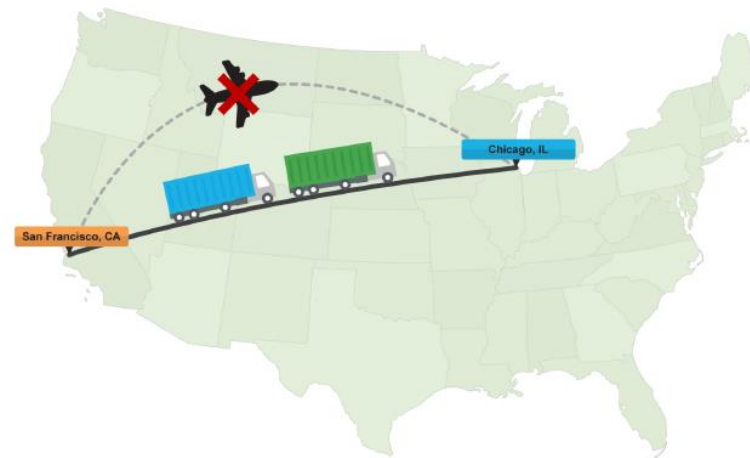


- ✓ Publicly advocated for merits of IAA and Ritchie Bros transaction in early 2023
- ✓ Successfully closed IAA transaction in March 2023
- ✓ Seated director on RB Global Board post close




FORWARD AIR: AN ASSET-LIGHT TRANSPORTATION AND LOGISTICS COMPANY

- › Forward Air Corporation (NASDAQ: FWRD) (“Forward Air” or the “Company”) is an asset-light transportation and logistics company.
- › Forward Air provides premium services to the North American deferred air freight and expedited less-than-truckload (“LTL”) markets.
- › Historically, strong margin / high ROIC business that generated significant free cash flow.
- › Forward Air is “grounding an airline freight move” by offering an alternative time-definite delivery solution but at a lower cost than traditional air freight.
- › Forward Air operates various other transportation services including intermodal drayage, brokerage and final mile, but the vast majority of profits are generated by its core Expedited LTL business.

| Forward Air Highlights | Forward Air Pre-Omni Logistics Deal | Forward Air + Omni Logistics Proforma |
|------------------------|-------------------------------------|---------------------------------------|
| Market Cap | \$3.1B | \$1.85B |
| Enterprise Value | \$3.2B | \$3.75B |
| LTM Revenue | \$1.8B | \$3.7B |
| LTM EBITDA & Margin | \$285M / 15.8% | \$470M / 12.7% |
| NTM EBITDA Multiple | 12.1x | 6.3x |
| Net Leverage | 0.4x | 4.0x |



Benefits

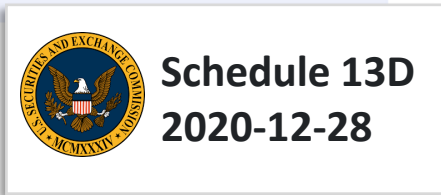
- 
Cheaper
- 
On Time
- 
Less Carbon Emissions

TIMELINE OF ANCORA'S ENGAGEMENT AT FORWARD AIR

Ancora had been a long-term, top five shareholder of Forward Air having invested in the Company beginning in mid-2020.

DECEMBER 2020

Constructive dialogues with management regarding Ancora value creation thesis and subsequent 13D.



MARCH 2021

Ancora settlement agreement with Forward Air results in the addition of two new directors to the Board including Forward Air founder Scott Niswonger.



NOVEMBER/DECEMBER 2021

3Q21 earnings mark an inflection point and share price moves from \$80 to \$120 as market incorporates earnings impact of structural margin improvement.



2020

2021

2022

2023

Ancora publishes letter introducing director slate for Forward Air following the Board's poor capital allocation and ineffective cost control resulting in operating margin and ROIC deterioration.

FEBRUARY 2021



Forward Air implements **"network cleanse"** to refocus on revenue quality to drive substantial margin improvement.

SUMMER/FALL 2021

" ... Our cleanse process culminated in record quarterly reported income ... of \$42.5 million. "

Ancora shares value creation opportunity at Forward Air during 13D Monitor Active-Passive Investor Summit.

OCTOBER 2023



Source: Ancora, Company filings
Schedule 13D filed by Ancora on December 28, 2020
The Wall Street Journal, [Activist Investor Ancora to Launch Proxy Fight at Forward Air](#)
FreightWaves, [Investor Activism alters 5 seats on Forward Air board](#)
Forward Air Press Release titled: [Forward Air Corporation Reports Third Quarter 2021 Results](#)

-Tom Schmitt, Chairman, President & CEO
October 27, 2021

FORWARD AIR ANNOUNCES OMNI LOGISTICS ACQUISITION IN AUGUST...

Omni Logistics ("Omni") is a freight forwarder and top five customer of Forward Air owned by private equity firms Ridgemont Equity and EVE Partners.

KEY TRANSACTION DETAILS

\$3.2B

enterprise value

\$150M

cash and Forward Air stock

37.7%

Omni ownership*

16.5%

common equity dilution

21.2% perpetual, convertible preferred stock that could be converted to common equity pending a shareholder vote ***post-close*** of the deal

18x LTM

adjusted EBITDA

\$1.85B

incremental debt

>4x

proforma net leverage

Source: Company filings, FactSet
*On a fully-diluted, as-converted basis

...STOCK DROPS 40% AND HAS YET TO RECOVER



Tom Schmitt
*Chairman, CEO and
Chief Value Destroyer*

THE WALL STREET JOURNAL.
HEARD ON THE STREET
How a Trucking Company Ran Over Its Own Stock
Forward Air's shareholders are enraged after the boss agreed to a merger that forces them to vote for their own dilution

FREIGHT WAVES
Forward Air's latest deal spooks customers, investors

Source: Company filings, FactSet
FreightWaves, [Forward Air's latest deal spooks customers, investors](#); The Wall Street Journal, [How a Trucking Company Ran Over Its Own Stock](#)

WHY THE OMNI ACQUISITION IS EGREGIOUS FOR FORWARD AIR SHAREHOLDERS

- ✘ Intentionally structured to avoid a pre-closing shareholder vote.
- ✘ Terms of the convertible preferred stock effectively coerce shareholders to vote in favor of conversion.
- ✘ Self-entrenchment by adding four Omni-designated directors to combined company's Board and cementing a ~38% voting block that is contractually required to vote in favor of directors nominated by the Board.
- ✘ Multiple paid is 18x LTM adjusted EBITDA and 30x LTM GAAP EBITDA.
- ✘ \$1.85 billion in incremental debt resulting in net leverage of >4x and interest expense >\$190 million.
- ✘ Omni introduces substantial earnings quality risk given a significant portion of its EBITDA is addback related.
- ✘ Vertical integration introduces potential significant competitive disadvantages for Forward Air's other core domestic freight forwarding customers which could impair its core Expedited LTL business as customers look to other alternatives.

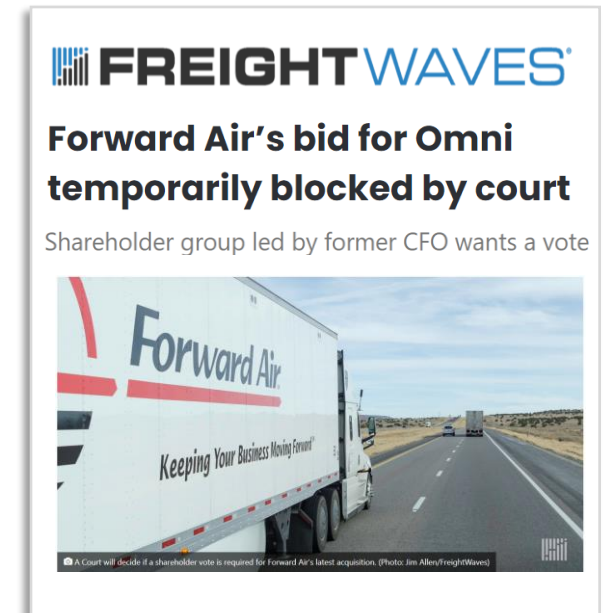
Source: Ancora, Company filings

ONGOING LAWSUIT AT FORWARD AIR HAS POTENTIAL TO RESTRICT OMNI DEAL

- › On September 26th three retired Forward Air executives and current shareholders filed a lawsuit, *Bell v. Allen*, No. 2023-cv-400 (Tenn. Ch., 3d Jud. Dist., Greeneville Cty.), seeking injunctive relief that would restrict Forward Air from closing the Omni deal until the Tennessee Chancery Court enters final judgment on whether the structure requires a pre-closing shareholder vote.
- › The plaintiffs argue that Tennessee law requires a shareholder vote before closing in two separate instances:
 - 1) Tennessee code § 48-22-102 – requires shareholders vote for a transaction that transfers substantially all of a company’s assets; and
 - 2) Tennessee code § 48-21-104 – requires a shareholder vote in any merger transaction which dilutes existing shareholders by more than 20%, including when structured with convertible securities or warrants that lead to eventual shareholder dilution.
- › The Tennessee Chancery Court issued a temporary restraining order effective until October 26th. The decision on whether to issue a temporary injunction until trial was argued on October 11th and is pending.
- › If the Court rules in plaintiffs’ favor, trial could be expected in November or early December.

We believe the merits of the plaintiffs’ lawsuit are strong and believe there is a high degree of probability that the Court will rule in their favor requiring Forward Air to hold a pre-closing shareholder vote on the Omni acquisition.

Source: Ancora, Company filings
FreightWaves, [Forward Air’s bid for Omni temporarily blocked by court](#)



MULTIPLE LEVERS TO CREATE SHAREHOLDER VALUE AT FORWARD AIR



Assuming outcome from the Tennessee Court is a shareholder vote on the transaction, Ancora intends to review all options available for holding the Board and management accountable, including calling a Special Meeting of Shareholders (the “Special Meeting”).



The goal of a Special Meeting will be to replace members of the Board, including CEO Tom Schmitt.



Ancora is assembling a world-class slate of director candidates, including a highly qualified CEO candidate.



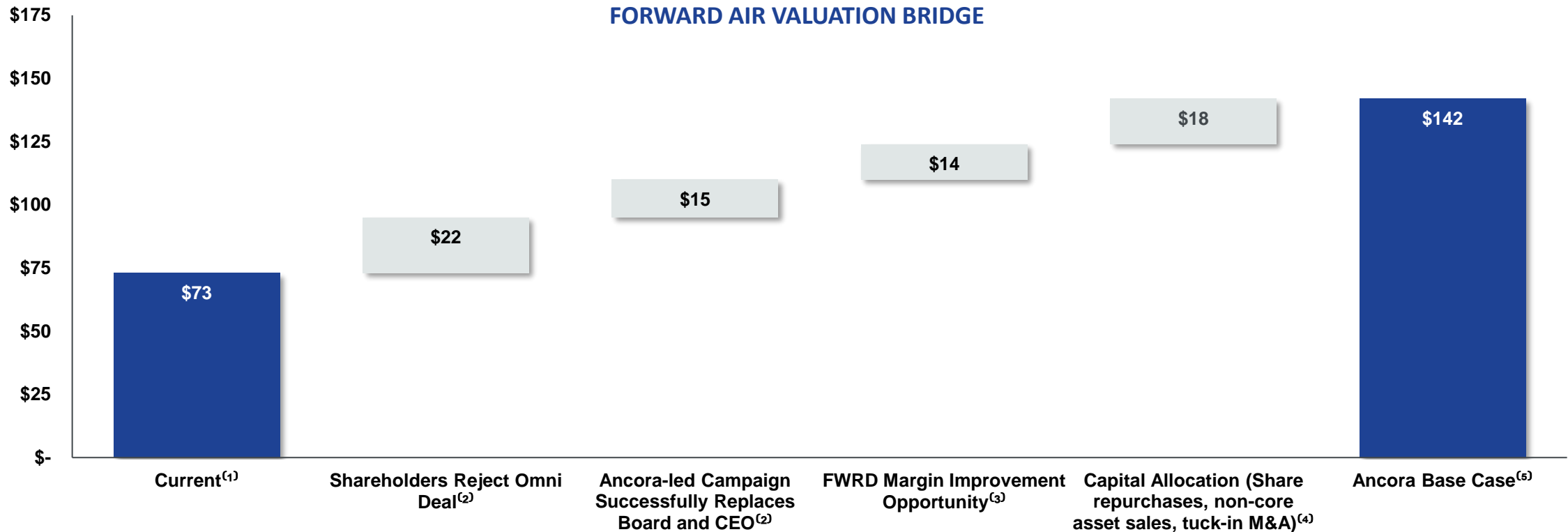
This Special Meeting process will play out over the next five months.



Even absent successful litigation, a Special Meeting could unseat the Board before shareholders approve preferred conversion.

FORWARD AIR VALUE CREATION POTENTIAL: \$140-\$145 PER SHARE

Ancora believes Forward Air's shares can trade north of \$100 over the next six months as shareholders vote down deal and then vote to replace the Board and management team at a Special Meeting.



Over the intermediate-term, with a revamped Board and c-suite, we believe Forward Air's value creation opportunity is \$140-\$145 per share.

Source: Ancora

1) Based on FWRD closing share price 10/16/2023

2) Assumes delta between current share price and FWRD share price the day prior to Omni deal announcement (\$110)

3) Assumes margin improvement opportunity of \$50M

4) Estimated total value creation from capital allocation opportunities

5) Ancora estimate of Forward Air intrinsic value

THANK YOU