

**KNIGHT TRANSPORTATION, INC.
AMENDED AND RESTATED
2003 STOCK OPTION AND EQUITY COMPENSATION PLAN**

**THIS DOCUMENT CONSTITUTES PART OF A REGISTRATION STATEMENT
COVERING
SECURITIES THAT HAVE BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933**

This Prospectus describes the Knight Transportation, Inc. Amended and Restated 2003 Stock Option and Equity Compensation Plan (the “Plan”) sponsored by Knight Transportation, Inc. (the “Company”) and the terms and conditions upon which employees, certain independent contractors, consultants, and advisors, and certain Independent Directors (as defined below) of the Company may participate in the Plan. The Plan allows the Compensation Committee of the Board of Directors to grant eligible employees rights to acquire the Company’s common stock (the “Common Stock”). The terms “we,” “our,” or “us,” refer to the Company.

Persons who are eligible to participate in the Plan may receive awards of restricted Common Stock (“Restricted Stock”), rights or options to purchase our Common Stock (the “Stock Options”), restricted stock units (“RSUs”), or stock appreciation rights (“SARs”). RSUs represent the right to receive shares of Common Stock, subject to the satisfaction of certain conditions. An award of a Stock Option, Restricted Stock, RSUs, or SARs (each, a “Grant” or “Stock Grant”), includes the price or value of the shares subject to purchase or grant, the maximum number of shares that may be granted or acquired, the duration of the Grant, and the terms of the Stock Grant Agreement between the Company and each eligible participant.

Under the Independent Directors Plan, independent directors of the Company (directors who are not employees, officers or 10% or greater shareholders) (“Independent Directors”) may receive options to purchase Common Stock, and may receive Stock Grants as compensation for services rendered to the Company. See “INDEPENDENT DIRECTORS’ STOCK OPTIONS,” below.

THE SECURITIES DESCRIBED IN THIS PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IMPORTANT INFORMATION AVAILABLE TO YOU

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we file our quarterly and annual reports, information statements, and other information with the Securities and Exchange Commission (the "Commission"). Reports and other information filed by the Company with the Commission can be inspected and printed from the Commission's website at www.sec.gov. Our Annual Report and quarterly reports can also be obtained by visiting our website at www.knighttrans.com.

This Prospectus contains information concerning the Plan. This Prospectus does not include certain documents that have been incorporated by reference in the Registration Statement filed on Form S-8 with the Commission under the Securities Act of 1933, as amended (the "1933 Act") with regard to the Plan. Registration Statement information or documents can be obtained from the Commission at the website listed above.

We will provide, without charge, to each person to whom a Prospectus is delivered, upon oral or written request, a copy of any information or document that is incorporated by reference into the Registration Statement and a copy of any reports, proxy statements and other communications distributed to the Company's security holders. These documents, together with copies of documents incorporated by reference into the Prospectus, including copies of the Plan, may be obtained by calling or writing Mr. Adam Miller, Senior Vice President of Finance and Accounting, or Mr. Wayne Yu, Vice President of External Reporting, Knight Transportation, Inc., 5601 West Buckeye Road, Phoenix, Arizona 85043 (Telephone: (602) 269-2000).

This Prospectus should be read in conjunction with the Company's most recent Annual Report on Form 10-K, the Company's most recent Proxy Statement, and the Company's most recent reports filed on Forms 10-Q and 8-K.

Statements made in this Prospectus about any contract, agreement, or other document referred to are not necessarily complete. For any contract, agreement or other document filed as an exhibit to the Registration Statement, you should review the exhibit or document for a more complete description of the matter involved.

We have not authorized anyone to give any information or to make any representations that are not contained in this Prospectus; and, if any such representations or statements are given or made, you should not rely on that information as having been authorized by the Company.

Neither the delivery of this Prospectus, nor any sale or grant of a security described herein, implies that there have been no changes in the affairs of the Company since the date of this Prospectus. This Prospectus is not an offer or solicitation in any jurisdiction in which such offer or solicitation may not lawfully be made.

INTRODUCTION

This Prospectus relates only to the Plan and Stock Grants made under the Plan. On May 21, 2003, our shareholders adopted the Knight Transportation, Inc. 2003 Stock Option

Plan (the “2003 Plan”) in order to provide eligible employees and certain Independent Directors with an opportunity to participate in our growth and earnings through the right to acquire our Common Stock. For more information on the 2003 Plan, see our Registration Statement on Form S-8 filed with the SEC on May 30, 2003, and the 2003 Plan Prospectus delivered to 2003 Plan participants. We amended and restated the 2003 Plan in its entirety effective as of February 11, 2009, to authorize the issuance of SARs, rename the 2003 Plan the Knight Transportation, Inc. Amended and Restated 2003 Stock Option and Equity Compensation Plan, to clarify our right to make grants of Restricted Stock and RSUs, to allow stock grants to certain independent contractors, consultants, and advisors, and to provide other additional terms and administrative procedures. Our shareholders approved the amended Plan on May 21, 2009.

We have maintained a Stock Option Plan since 1994 to enable certain officers, directors, key employees and critical line employees, directors, and certain independent contractors to participate in the ownership of the Company. Prior to shareholder approval of the 2003 Plan, we granted stock options pursuant to our 1998 Amended and Restated Stock Option Plan (the “1998 Plan”). For more information on the 1998 Plan, see our Registration Statement on Form S-8 filed with the SEC on February 16, 1999, and the 1998 Plan Prospectus delivered to the 1998 Plan participants.

A Registration Statement covering the Common Stock offered under this Plan has been filed with the Commission. This Prospectus, which forms part of the Registration Statement and sets forth information concerning the Plan, is distributed to participants pursuant to the 1933 Act.

The Company was organized and incorporated under the laws of the State of Arizona in 1990. The address of the Company's principal executive offices of the Compensation Committee of the Company's Board of Directors, which administers the Plan, is 5601 West Buckeye Road, Phoenix, Arizona 85043 (telephone number: (602) 269-2000).

PURPOSE OF PLAN

The purpose of the Plan is to assist us in retaining key employees (including certain key line employees) and Independent Directors and compensating certain independent contractors, consultants and advisors by offering them an opportunity to acquire, through continued service to the Company, shares of our Common Stock, thereby providing those employees and Independent Directors with an incentive to work for our growth, development and financial success.

DESCRIPTION OF PLAN FOR PARTICIPANTS

1. Employees Eligible for the Plan.

The Compensation Committee of the Board of Directors (the “Committee”) determines eligibility for participation in the Plan. The Committee had the authority to designate certain of the Company's employees and independent contractors to be participants in the Plan. Participation in the Plan is limited to: (i) our full-time or part-time employees who, at the time a Stock Grant is issued, in the sole judgment of the Committee, are qualified by position, training, ability and responsibility to contribute substantially to the progress of the Company, and have a material, positive effect on the results of the operations of the Company; (ii) key independent

contractors, consultants, or advisors who perform bonafide services for the Company that are not in connection with any offer or sale of securities in a capital raising transaction, and who do not promote or maintain a market for the Company's stock; and (iii) directors of the Company.

2. Administration of Plan.

The Committee is appointed by the Board of Directors and is composed entirely of Independent Directors. The Committee, in its discretion, determines the number of shares that may be included in a Stock Grant made to a participant under the Plan. As a matter of policy, the number of shares subject to a Stock Grant is generally determined by the participant's level of responsibility and ability to affect the performance of the Company. The Committee has the sole, final, and conclusive authority to determine rights and obligations of participants under the Plan.

The Committee's powers include the authority to determine: (i) those employees and independent contractors who become participants in the Plan and the conditions of their eligibility; (ii) the participants to whom Stock Grants are to be made and the nature and amount of such grants; (iii) the terms and conditions of each Stock Grant, including the number of shares, the price to be paid (subject to the limitations described below), the vesting schedule for each Grant, the conditions applicable to each Stock Grant, the terms and conditions of exercise, and any restrictions to be placed upon the Common Stock subject to any Stock Grant. The Committee has the power to adopt rules and regulations under the Plan and to modify the terms of existing Options, so long as such modification does not adversely affect the rights of any option holder or otherwise violate law.

The name, business address and position of each member of the Committee are set forth below:

<u>Member</u>	<u>Business Address</u>	<u>Position</u>
Kathryn L. Munro	c/o Knight Transportation, Inc. 5601 West Buckeye Road Phoenix, Arizona 85043	Chair and Member
G.D. Madden	c/o Knight Transportation, Inc. 5601 West Buckeye Road Phoenix, Arizona 85043	Member
Richard J. Lehmann	c/o Knight Transportation, Inc. 5601 West Buckeye Road Phoenix, Arizona 85043	Member

Each of the Committee members named above is elected by a majority vote of the Company's Board of Directors and can be removed from office by a majority of the Company's Board of Directors.

3. Material Relationship Between Members of the Board and the Company.

Our Board of Directors (exclusive of its five Independent Directors, who are Donald A. Bliss, G.D. Madden, Michael Garnreiter, Richard J. Lehmann and Kathryn L. Munro), is comprised of Randy Knight, Kevin P. Knight and Gary J. Knight, who are three of the four Company founders and largest shareholders.

4. ISOs, NSOs, SARs, RSUs, and Restricted Stock Grants to Eligible Participants.

Under the Plan, the Committee may make Stock Grants consisting of incentive stock options (“ISOs”), non-qualified stock options (“NSOs”), Restricted Stock, RSUs, or SARs as the Committee, in its discretion, determines to be appropriate. Currently, a pool of 9,000,000 shares of Common Stock is reserved for the issuance of Stock Grants under the Plan, including the Independent Directors Plan.

The aggregate number of shares of Common Stock issued or reserved for grants under the Plan will be automatically adjusted, without further action by the Board of Directors or the Company’s shareholders, to reflect changes in the capitalization of the Company such as stock dividends, stock splits, reverse stock splits, subdivisions, reorganizations, reclassifications, or any similar action that would affect or change the number of issued and outstanding shares of our Common Stock.

5. Number of Grants.

Under the Plan, more than one Stock Grant may be made to the same participant. Stock Grants may be partially exercised. If a Stock Grant made under the Plan expires or is terminated without being exercised, or after being only partially exercised, the shares of Common Stock allocated to the unexercised Stock Grant will revert to the pool of shares reserved under the Plan and will be available for other Stock Grants.

Stock Grants are evidenced by a written agreement (a “Stock Grant Agreement”) that is executed by the Company and delivered to the Plan participant. The Stock Grant Agreement contains the terms and conditions required by the Plan and any other terms and conditions that the Committee, in its discretion, may specify that are not inconsistent with the Plan. Each Stock Grant Agreement must specify the number of shares of Common Stock subject to the Grant, the option, purchase price or grant value of the Common Stock, the expiration date of the Grant, the vesting schedule applicable to exercises or grants, and, if applicable, and any limitations on how a Grant may be exercised.

6. Transferability.

Stock Grants made under the Plan are not transferable by the participant except by will or the laws of descent or distribution. During a participant's lifetime, a Stock Grant made as an option is exercisable only by the participant and only if at all times during the period beginning on the date the Stock Grant is made and ending on the day three months (or one year in the case of an employee who retires on account of becoming “permanently and totally disabled” within the meaning of Section 22(e)(3) of the Internal Revenue Code) before the date of the exercise of the Stock Grant, the participant was an employee or director of the Company or a parent corporation, subsidiary corporation or an assuming corporation or, in the case of a

consultant, had a continuing relationship with the Company. If a participant dies, his Stock Grant may be exercised by his estate or personal representative within one year after the date of death. See Section 16, below.

7. Payment For Stock.

The price for any shares of Common Stock acquired through the whole or partial exercise of any Stock Grant (for example, an ISO or NSO) must be paid in full by the exercising Plan participant in cash or immediately available funds or in Common Stock of the Company with a current value equal to all or part of the exercise price, or both.

8. Stock Grants Made as ISOs.

If a Stock Grant is made as an ISO, the aggregate fair market value of the Common Stock subject to the ISO exercisable for the first time by any participant during any calendar year (under all plans of the Company) may not exceed \$100,000. This limitation is determined by taking ISOs into account in the order in which they were granted. If an ISO is granted that exceeds these limitations, the first time it is exercisable, the ISO is not invalid, but will be treated as an NSO to the extent of the excess.

Any Stock Grant made as an ISO under the Plan must have an exercise price not less than 100% of the fair market value of the Common Stock, as of the date the Stock Grant is awarded. Any Option must state the price at which the stock may be purchased. In the case of a participant who, at the time an ISO is issued, owns shares of Common Stock representing 10% or more of the total combined voting power of all classes of common stock of the Company, the exercise price of the ISO will not be less than 110% of the fair market value of the Common Stock on the date the option is granted, and, in no event will the option be exercisable after the expiration of five (5) years from the date the option is granted.

9. Stock Grants Made as SARs.

If a Stock Grant is made as a SAR, the participant will receive, when the SAR is exercised, an amount equal to the greater of (i) the fair market value of a share of Common Stock on the exercise or vesting date, over (ii) the fair market value of the Common Stock on the date the SAR is granted (the "Appreciation Value").

The Company may pay the Appreciation Value to a participant in cash, Common Stock, or a combination of both. If paid in cash, the amount paid to the participant will be the Appreciation Value. If paid in Common Stock, the Company will issue the participant the number of whole shares of Common Stock equal to the Appreciation Value, divided by the fair market value of the Common Stock on the date the participant exercises the SAR. The participant will receive cash for any fractional shares payable to the participant.

10. Stock Grants Made as Shares of Restricted Stock or RSUs.

If a Stock Grant is made as Restricted Stock or as an RSU, the participant will receive a specific number of shares of Common Stock, subject to conditions established by the Committee and specified in the Stock Grant Agreement. The Restricted Stock or RSU may be issued to the participant on the date of the Stock Grant, or may be promised to be issued in part

or in whole upon the satisfaction of certain conditions and restrictions established by the Committee, for example, upon vesting or the completion of a period of service.

A participant will receive no dividends on Restricted Stock or RSUs until the shares are issued, but a dividend equivalent may be accrued until the Common Stock underlying a Grant is issued. If Restricted Stock or an RSU is issued subject to conditions, the Company, through the Stock Grant, in its discretion may award dividend equivalents that are paid when, as, and if the Stock Grant vests. If any Restricted Shares or RSUs are forfeited, any dividend equivalents that have accrued on those shares will also be forfeited.

11. All Stock Grants Must Be Made at Market Value.

Under the terms of the Plan, any Stock Grant made, regardless of its form, must be made at not less than 100% of the fair market value of the Company's Common Stock as of the date the Stock Grant is awarded. The fair market value of a share of the Company's Common Stock is equal to the closing price for the stock on the day the Stock Grant is made, as reported by the New York Stock Exchange ("NYSE"). If for any reason, the closing price of the Common Stock is not available, then the fair market value of a share of Common Stock will be the mean of the highest and lowest quoted selling prices for the stock, as reported by the NYSE, on the date preceding the date of the Stock Grant.

12. Vesting of Stock Grants and Other Conditions.

The Committee has the right to prescribe a vesting schedule, as well as other conditions, for Stock Grants made under the Plan. The Committee may require that an employee work for us for a specified number of years before his right to exercise any Stock Grant vests. Stock Grants may also be issued subject to other conditions such as the Company's profitability, the Committee's assessment of individual performance, or other conditions specified in the Stock Grant Agreement. The Committee may also issue Stock Grants that are subject to non-compete, non-solicitation, and repayment obligations, if a participant violates the terms of the Stock Grant Agreement. Conditions requiring a participant to repay benefits obtained from a Stock Grant may include a prohibition on soliciting the Company's customers for a period of time, or a non-compete agreement that applies for some reasonable period of time in order to protect the Company's goodwill and customer information.

13. Limitation on Exercise of Grants or Options.

ISOs may not be granted under the Plan after February 5, 2013. ISOs granted under the Plan may not be exercised after the expiration of ten years from the date such option is granted. Any Stock Grant, other than an ISO, may be made prior to the Plan's termination and may be exercised within any reasonable time specified by the Committee in the Stock Grant Agreement.

14. Compliance With Law and Regulations.

The Committee may prescribe any terms and conditions for Stock Grants as it determines to be appropriate. Stock Grants made under the Plan will contain such provisions as may be required to comply with applicable Federal and State law.

15. Disqualifying Disposition of ISO Stock.

Stock issued to a participant upon the exercise of an ISO will not qualify for ISO treatment if it is disposed of by the participant within two years from the date the option is granted or within one year after the date the stock is issued to the participant. See "TAX EFFECTS OF THE PLAN," below. These limitations do not apply, however, if a Stock Option is exercised after the death of a participant by his estate or by a person who acquired the right to exercise the option by bequest or inheritance.

16. Termination of Employment, Retirement and Death.

In general, upon termination of employment with the Company for any reason (or if you are a consultant, upon the cessation of your relationship with the Company), other than death, retirement or disability, any Stock Grants made under the Plan will terminate. If the Stock Grant is an option, the Plan participant (or any conservator, if the Plan participant is disabled), may exercise any Stock Grant within three months of retirement, or if the Plan participant retired or terminated employment on account of permanent and total disability (as defined in Section 22(e)(3) of the Internal Revenue Code), within one year after retirement. For Stock Grants made as options, if a participant should die while employed by the Company or should die within three months after retirement, the Plan participant's estate, personal representative or beneficiary will have the right, within one year after the date of the Plan participant's death, to exercise any Stock Grant.

17. Amendment of Plan.

The Plan may be amended or terminated by our Board of Directors at any time. Amendment or termination of the Plan may not affect the rights of any participant under a Stock Grant that has already been issued without the participant's consent, except as the Plan otherwise provides. Amendments that increase the number of shares subject to the Plan, change the designation of persons eligible to receive Stock Grants, decrease the option price of shares or remove the administration of the Plan from the Committee, are subject to approval by a majority of our shareholders.

18. Mergers or Consolidation.

If we undergo a reorganization, merger or consolidation with another corporation, and we are not the surviving corporation, and the surviving corporation does not agree to assume the Stock Grants made pursuant to the Plan, or to substitute grants in place of existing Stock Grants, then the Stock Grants made under the Plan will terminate. Prior to the termination of the Plan and the Stock Grants made under it, participants will be notified and provided a reasonable opportunity of not less than 15 days to exercise any outstanding Stock Grant to the extent that the Stock Grant is exercisable at that time.

19. Expiration Date of Plan.

The Plan will expire on February 5, 2013, unless the Board of Directors terminates it earlier as permitted under the Plan.

INDEPENDENT DIRECTORS' PLAN

1. Eligibility and Option Grants.

Independent Directors are those directors who are not officers, employees or 10% shareholders of the Company. Only our Independent Directors are eligible to participate in the Independent Directors Plan. The Board of Directors has the right to grant NSO options to Independent Directors. Stock Options granted to our Independent Directors will expire on the earlier of ten years after the date of grant, one year after the Independent Director terminates service as a director of the Company, or the expiration date stated in the Stock Grant Agreement. The exercise price of any Stock Option granted to an Independent Director under the Independent Directors' Plan is the fair market value of our Common Stock as of the date of grant. NSOs granted to Independent Directors under the Independent Directors Plan are not transferable except by will or the laws of descent and distribution.

The Board of Directors may also grant Restricted Stock or RSUs to Independent Directors as compensation for the Independent Director's services. The number of shares subject to a Stock Grant made to an Independent Director as compensation for services is based upon the fair market value of the Common Stock at the time the Grant is made.

The Committee may place restrictions on the sale of any Common Stock obtained by an Independent Director through the exercise of a Stock Grant.

2. Administration of Independent Directors Plan.

The Independent Directors Plan is administered by the Committee. No member of the Committee may participate in, or take any action with respect to, a Stock Grant made to that member. All other terms and conditions of the Independent Directors Plan are identical to those for any other Stock Grants made under the Plan.

AFFILIATES OF COMPANY

Participants in the Plan who are affiliates of the Company, as such term is defined in Rule 405, issued under the 1933 Act, may not resell shares of our Common Stock distributed to them under the Plan, unless they comply with applicable federal securities laws. An "affiliate" for this purpose is someone who controls or is controlled by the Company. For example, each of our four largest shareholders would be "affiliates." Truck drivers and rank and file employees are not "affiliates" and would not be subject to this limitation. Affiliate resales must be registered under a separate registration statement or sold in accordance with the requirements of Rule 144 under the 1933 Act or another registration exemption available under the 1933 Act. Any other participants may from time to time sell, without registration, shares of the Common Stock of the Company distributed to them under the Plan. We will not receive any part of the proceeds of such resales by participants.

RISK FACTORS

Various risks that may affect us are described in our Annual Report on Form 10-K under the heading, "Risk Factors," which, by this reference, are incorporated herein as well as the quantitative and qualitative disclosures contained in our Annual Report on Form 10-K. The

following is a summary of some of the investment risks that may affect us and our results of operations:

Our business is subject to general economic and business factors affecting the trucking industry that are largely out of our control, any of which could have a materially adverse effect on our operating results.

Our business is dependent on a number of factors that may have a materially adverse effect on our results of operations, many of which are beyond our control. Some of the most significant of these factors are recessionary economic cycles, changes in customers' inventory levels, excess tractor or trailer capacity in comparison with shipping demand, and downturns in customers' business cycles. Economic conditions, particularly in market segments and industries where we have a significant concentration of customers and in regions of the country where we have a significant amount of business, that decrease shipping demand or increase the supply of tractors and trailers can exert downward pressure on rates or equipment utilization, thereby decreasing asset productivity. Adverse economic conditions also may harm our customers and their ability to pay for our services. Customers encountering adverse economic conditions represent a greater potential for loss, and we may be required to increase our allowance for doubtful accounts.

We also are subject to increases in costs and other events that are outside of our control that could materially reduce our profitability if we are unable to increase our rates sufficiently. Such cost increases include, but are not limited to, fuel prices, taxes, tolls, license and registration fees, insurance, revenue equipment, and healthcare for our employees. We could be affected by strikes or other work stoppages at our service centers or at customer, port, border, or other shipping locations. Changing impacts of regulatory measures could impair our operating efficiency and productivity and result in higher operating costs. In addition, declines in the resale value of revenue equipment can affect our profitability and cash flows.

In addition, we cannot predict the effects on the economy, fuel prices, or consumer confidence of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against a foreign state or group located in a foreign state, or heightened security requirements. Enhanced security measures could impair our operating efficiency and productivity and result in higher operating costs.

Our growth may not continue at historic rates.

Although we experienced significant and rapid growth in revenue and profits since the inception of our business in 1990, our growth has slowed in recent years. There can be no assurance that our business will return to its historical growth rate in the future or that we can effectively adapt our management, administrative, and operational systems to respond to any future growth. Further, there can be no assurance that our operating margins will not be adversely affected by future changes in and expansion of our business or by changes in economic conditions.

If the growth in our regional operations slows or stagnates, if we are unable to commit sufficient resources to our regional operations, or if we were to expand into a market with

insufficient economic activity or human resources, our results of operations could be adversely affected.

In addition to our service centers in Phoenix, Arizona, we have established service centers throughout the United States in order to serve markets in various regions. These regional operations require the commitment of additional personnel and/or revenue equipment, as well as management resources, for future development. Should the growth in our regional operations slow or stagnate, the results of our operations could be adversely affected. As we continue to expand, it may become more difficult to identify large cities that can support a service center, and we may expand into smaller cities where there is less economic activity and room for growth and fewer driver and non-driver personnel to support the service center. We may encounter operating conditions in these new markets that differ substantially from those previously experienced. We may not be able to duplicate our regional operating strategy successfully throughout the United States, or perhaps outside the United States, and it might take longer than expected or require a more substantial financial commitment than anticipated. In addition, the commencement of operations outside our existing lines of business is subject to the risks inherent in entering new lines of business, including, but not limited to: unfamiliarity with pricing, service, operational, and liability issues; the risk that customer relationships may be difficult to obtain or that we may have to reduce rates to gain customer relationships; the risk that the specialized equipment may not be adequately utilized; and the risk that claims may exceed our past experience.

Ongoing insurance and claims expenses could significantly reduce our earnings.

Our future insurance and claims expense might exceed historical levels, which could reduce our earnings. We self-insure for a portion of our claims exposure resulting from workers' compensation, auto liability, general liability, cargo and property damage claims, as well as employees' health insurance. We also are responsible for our legal expenses relating to such claims. We reserve for anticipated losses and expenses. We periodically evaluate and adjust our claims reserves to reflect our experience. However, ultimate results may differ from our estimates, which could result in losses over our reserved amounts.

We maintain insurance above the amounts for which we self-insure with licensed insurance carriers. Although we believe the aggregate insurance limits should be sufficient to cover reasonably expected claims, it is possible that one or more claims could exceed our aggregate coverage limits. Insurance carriers have raised premiums for many businesses, including trucking companies. As a result, our insurance and claims expense could increase, or we could raise our self-insured retention when our policies are renewed or replaced. If these expenses increase, if we experience a claim in excess of our coverage limits, if our insurance carriers fail to pay on our insurance claims, or if we experience a claim for which coverage is not provided, our results of operations and financial condition could be materially and adversely affected.

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

The truckload industry is capital intensive, and our policy of operating newer equipment requires us to expend significant amounts annually. We expect to pay for projected capital expenditures with cash flows from operations. If we are unable to generate sufficient cash from operations, we would need to seek alternative sources of capital, including financing, to meet our capital requirements. In the event that we are unable to generate sufficient cash from operations or obtain financing on favorable terms in the future, we may have to limit our fleet size, enter into less favorable financing arrangements, or operate our revenue equipment for longer periods, any of which could have a materially adverse effect on our profitability.

Increased prices for new revenue equipment and reduced efficiency may materially and adversely affect our earnings and cash flow.

We are subject to risk with respect to higher prices for new tractors. Prices may increase, for among other reasons, due to increases in commodity prices and government regulations applicable to newly manufactured tractors and diesel engines and due to the pricing power among equipment manufacturers. In addition, the engines used in our newer tractors are subject to emissions control regulations issued by the Environmental Protection Agency (“EPA”). The regulations require reductions in exhaust emissions from diesel engines manufactured beginning in 2010. Compliance with such regulations has increased the cost of our new tractors and could impair equipment productivity and increase our operating expenses. These adverse effects, combined with the uncertainty as to the reliability of the vehicles equipped with the newly designed diesel engines and the residual values realized from the disposition of these vehicles, could increase our costs or otherwise adversely affect our business or operations as the regulations become effective. Over the past several years, some manufacturers have significantly increased new equipment prices, in part to meet new engine design requirements.

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

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

We are subject to risk with respect to purchases of fuel. Prices and availability of petroleum products are subject to political, economic, weather related, and market factors that are generally outside our control and each of which may lead to an increase in the cost of fuel. Because our operations are dependent upon diesel fuel, significant increases in diesel fuel costs could materially and adversely affect our results of operations and financial condition if we are unable to pass increased costs on to customers through rate increases or fuel surcharges. Historically, we have sought to recover a portion of short-term increases in fuel

prices from customers through fuel surcharges. Fuel surcharges that can be collected do not always fully offset the increase in the cost of diesel fuel. To the extent we are not successful in these negotiations, our results of operations may be adversely affected.

Difficulty in driver and independent contractor recruitment and retention may have a materially adverse affect on our business.

Difficulty in attracting or retaining qualified drivers, including independent contractors, could have a materially adverse effect on our growth and profitability. Our industry periodically experiences a shortage of qualified drivers, particularly during periods of economic expansion, which alternative employment opportunities are more plentiful. In addition, Federal Motor Carrier Safety Administration's ("FMCSA") Comprehensive Safety Analysis 2010 ("CSA 2010") and proposed stricter hours-of-service limitations may reduce effective driving capacity in our industry. Our independent contractors are responsible for paying for their own equipment, fuel, and other operating costs, and significant increases in these costs could cause them to seek higher compensation from us or seek other opportunities within or outside the trucking industry. If a shortage of drivers were to occur, or if we were unable to continue to attract and contract with independent contractors, we could be forced to, among other things, limit our growth, increase the number of our tractors without drivers (which would lower our profitability), or further adjust our driver compensation package, which could adversely affect our profitability if not offset by a corresponding increase in rates.

CSA 2010 could adversely affect our profitability and operations, our ability to maintain or grow our fleet, and our customer relationships.

Under CSA 2010, drivers and fleets are evaluated and ranked based on certain safety-related standards. The methodology for determining a carrier's Department of Transportation ("DOT") safety rating has been expanded to include the on-road safety performance of the carrier's drivers. As a result, certain current and potential drivers may no longer be eligible to drive for us, our fleet could be ranked poorly as compared to our peers, and our safety rating could be adversely impacted. The occurrence of future deficiencies could cause high-quality drivers to seek other carriers or could cause our customers to direct their business away from us and to carriers with higher fleet rankings, either of which would adversely affect our results of operations. Additionally, competition for drivers with favorable safety rating may increase and thus provide for increases in driver-related compensation costs. Additionally, we may incur greater than expected expenses in our attempts to improve our scores or as a result of those scores.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.

Our operations are subject to various environmental laws and regulations dealing with the transportation, storage, presence, use, disposal and handling of hazardous materials, discharge of wastewater and storm water, and with waste oil and fuel storage tanks. Our truck terminals often are located in industrial areas where groundwater or other forms of environmental contamination could occur. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. Certain of our facilities have waste oil or fuel

storage tanks and fueling islands. A small percentage of our freight consists of low-grade hazardous substances, which subjects us to a wide array of regulations. Although we have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, if we are involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable laws or regulations, we could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and operating results.

EPA regulations limiting exhaust emissions became more restrictive in 2010. On October 25, 2010, the National Highway Traffic Safety Administration and the EPA proposed regulations that regulate fuel efficiency and greenhouse gas emissions beginning in 2014. In December 2008, California adopted new performance requirements for diesel trucks, with targets to be met between 2011 and 2023, and California also has adopted aerodynamics requirements for certain trailers. These regulations, as well as proposed regulations or legislation related to climate change that potentially impose restrictions, caps, taxes, or other controls on emissions of greenhouse gas, could adversely affect our operations and financial results. In addition, increasing efforts to control emissions of greenhouse gases are likely to have an impact on us. The EPA has announced a finding relating to greenhouse gas emissions that may result in promulgation of greenhouse gas emission limits. Federal and state lawmakers also are considering a variety of climate-change proposals. Compliance with such regulations could increase the cost of new tractors and trailers, impair equipment productivity, and increase operating expenses. These effects, combined with the uncertainty as to the operating results that will be produced by the newly designed diesel engines and the residual values of these vehicles, could increase our costs or otherwise adversely affect our business or operations.

Two of our service centers are located adjacent to environmental "superfund" sites. Although we have not been named as a potentially responsible party in either case, we are potentially exposed to claims that we may have contributed to environmental contamination in the areas in which we operate.

Our Phoenix service center is located on land identified as potentially having groundwater contamination resulting from the release of hazardous substances by persons who have operated in the general vicinity. The area has been classified as a state superfund site. We have been located at our Phoenix facility since 1990 and, during such time, have not been identified as a potentially responsible party with regard to the groundwater contamination, and we do not believe that our operations have been a source of groundwater contamination.

Our Indianapolis service center is located approximately one-tenth of a mile east of Reilly Tar and Chemical Corporation, a federal superfund site listed on the National Priorities List for clean-up. The Reilly site has known soil and groundwater contamination. There also are other sites in the general vicinity of our Indianapolis property that have known contamination. Environmental reports obtained by us have disclosed no evidence that activities on our Indianapolis property have caused or contributed to the area's contamination but it is possible that we could be responsible for clean up costs regardless.

If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of applicable laws or regulations, it could have a materially adverse effect on our business and operating results. If we should fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

In order to reduce exhaust emissions and traffic congestion, some states and municipalities have begun to restrict the locations and amount of time where diesel-powered tractors, such as ours, may idle and/or travel. These restrictions could force us to alter our drivers' behavior and routes, purchase on-board power units that replaces the engine power and eliminates idling, or face a decrease in productivity.

Regulation or legislation related to climate change that potentially imposes restrictions, caps, taxes, or other controls on emissions of greenhouse gas could adversely affect our operations and financial results. More specifically, legislative or regulatory actions related to climate change could adversely impact the Company by increasing our fuel costs and reducing fuel efficiency and could result in the creation of substantial additional capital expenditures and operating costs in the form of taxes, emissions allowances, or required equipment upgrades. Any of these factors could impair our operating efficiency and productivity and result in higher operating costs.

We may not make acquisitions in the future, or if we do, we may not be successful in integrating the acquired company, either of which could have a materially adverse effect on our business.

Historically, acquisitions have been a part of our growth. There is no assurance that we will be successful in identifying, negotiating, or consummating any future acquisitions. If we fail to make any future acquisitions, our growth rate could be materially and adversely affected. Any acquisitions we undertake could involve the dilutive issuance of equity securities and/or incurring indebtedness. In addition, acquisitions involve numerous risks, including difficulties in assimilating the acquired company's operations, the diversion of our management's attention from other business concerns, risks of entering into markets in which we have had no or only limited direct experience, and the potential loss of customers, key employees, and drivers of the acquired company, all of which could have a materially adverse effect on our business and operating results. If we make acquisitions in the future, we cannot guarantee that we will be able to successfully integrate the acquired companies or assets into our business.

As we continue to expand into new regions, we may experience greater operating variances due to the seasonal pattern of the transportation industry, which may have a materially adverse effect on our operations.

Results of operations in the transportation industry frequently show a seasonal pattern, with lower revenue and higher operating expenses being common in the winter months. As we continue to expand our operations throughout the United States, we could experience greater operating variances due to periodic seasonal weather in other regions than we have previously experienced, which variance could have a materially adverse effect on our operations.

If we are unable to retain our key employees or find, develop, and retain service center managers, our business, financial condition, and results of operations could be adversely affected.

We are highly dependent upon the services of certain key employees, including, but not limited to: Kevin P. Knight, our Chairman of the Board and Chief Executive Officer; Gary J. Knight, our Vice Chairman of the Board; Keith T. Knight, our Chief Operating Officer; David A. Jackson, our President and Chief Financial Officer; and Kevin Quast, our Executive Vice President and Chief Operations Officer. We currently do not have employment agreements with any of these key employees, and the loss of any of their services could negatively impact our operations and future profitability. Additionally, we must, because of our regional operating strategy, continue to find, develop, and retain service center managers if we are to realize our goal of expanding our operations and continuing our growth. Failing to find, develop, and retain a core group of service center managers could have a materially adverse effect on our business.

We have several major customers; the loss of one or more of them could have a materially adverse effect on our business.

A significant portion of our revenue is generated from a number of major customers, the loss of one or more of which could have a materially adverse effect on our business. For the year ended December 31, 2010, our top 25 customers, based on revenue, accounted for approximately 44% of our revenue; our top 10 customers, approximately 28% of our revenue; and our top 5 customers, approximately 18% of our revenue. We operate in a highly competitive industry and generally do not have long-term contractual relationships with our customers. Accordingly, we cannot assure you that our customer relationships will continue as presently in effect. A reduction in or termination of our services by one or more of our major customers could have a materially adverse effect on our business and operating results.

We are dependent on computer and communications systems, and a systems failure could cause a significant disruption to our business.

Our business depends on the efficient and uninterrupted operation of our computer and communications hardware systems and infrastructure. We currently maintain our computer system at our Phoenix, Arizona headquarters, along with computer equipment at each of our service centers. Our operations and those of our technology and communications service providers are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist attacks, internet failures, computer viruses, and other events beyond our control. In an attempt to reduce the risk of disruption to our business operations should a disaster occur, we have redundant computer systems and networks and deploy the backup systems from an alternative location. However, our alternate location may be subject to the same interruptions as may affect our Phoenix headquarters. In the event of a significant system failure, our business could experience significant disruption.

If our investment in Transportation Resource Partners is not successful, we may be forced to write off part or all of our investment, which could have a materially adverse effect on our operating results.

We have invested, either directly or indirectly through one of our wholly owned subsidiaries, in Transportation Resource Partners and its related funds (together, “TRP”), which are companies that make privately negotiated equity investments. Due to portfolio losses in the past, we have recorded impairment charges in prior periods to reflect the other-than-temporary decrease in fair value of the portfolio. If TRP's financial position declines, we could be forced to write down all or part of our investment which could have a materially adverse effect on our operating results.

We operate in a highly regulated industry and changes in regulations or increased costs of compliance with, or liability for violation of, existing or future regulations could have a materially adverse effect on our business.

We operate in the United States pursuant to operating authority granted by the DOT. Our company drivers and independent contractors also must comply with the safety and fitness regulations of the DOT, including those relating to drug and alcohol testing and hours-of-service. Weight and equipment dimensions also are subject to government regulations. We also may become subject to new or more restrictive regulations relating to exhaust emissions, drivers’ hours-of-service, ergonomics, electronic, on-board recorders, collective bargaining, security at ports, and other matters affecting safety or operating methods.

The DOT is currently engaged in a rulemaking proceeding regarding drivers’ hours-of-service, and the result could negatively impact utilization of our equipment. We are unable to predict what form the new hours-of-service rules may take, how a court may rule on challenges to such rules, and to what extent the FMCSA might attempt to materially revise the rules. On the whole, however, we believe that any modifications to the current rules may decrease productivity and cause some loss of efficiency, as drivers and shippers may need to be retrained, computer programming may require modifications, additional drivers may need to be employed or engaged, additional equipment may need to be acquired, and some shipping lanes may need to be reconfigured. We also are unable to predict the effect of any new rules that might be proposed if the issued rule is stricken by a court, but any such proposed rules could increase costs in our industry or decrease productivity.

Failures to comply with DOT safety regulations or downgrades in our safety rating could have a material adverse impact on our operations or financial condition. A downgrade in our safety rating could cause us to lose the ability to self-insure. The loss of our ability to self-insure for any significant period of time would materially increase our insurance costs. In addition, we may experience difficulty in obtaining adequate levels of coverage in that event.

The FMCSA's CSA 2010 implemented a new enforcement and compliance model that ranks both fleets and individual drivers on certain safety-related standards. As discussed more fully below, CSA 2010 may reduce the number of eligible drivers and/or negatively impact our fleet ranking.

Additionally, the FMCSA has proposed new rules that will require nearly all carriers, including us, to install and use electronic, on-board recorders in our tractors to electronically monitor truck miles and enforce hours-of-service. Such installation could cause an increase in driver turnover, adverse information in litigation, cost increases, and decreased asset utilization.

Other agencies, such as the EPA and the Department of Homeland Security (“DHS”) also regulate our equipment, operations, and drivers. Future laws and regulations may be more stringent, require changes in our operating practices, influence the demand for transportation services, or require us to incur significant additional costs. Higher costs incurred by us or by our suppliers who pass the costs onto us through higher prices could adversely affect our results of operations.

In the aftermath of the September 11, 2001 terrorist attacks, federal, state, and municipal authorities implemented and continue to implement various security measures, including checkpoints and travel restrictions on large trucks. The Transportation Security Administration (“TSA”) has adopted regulations that require determination by the TSA that each driver who applies for or renews his license for carrying hazardous materials is not a security threat. This could reduce the pool of qualified drivers, which could require us to increase driver compensation, limit fleet growth, or let trucks sit idle. These regulations also could complicate the matching of available equipment with hazardous material shipments, thereby increasing our response time and our deadhead miles on customer shipments. As a result, it is possible that we may fail to meet the needs of our customers or may incur increased expenses to do so. These security measures could negatively impact our operating results.

From time-to-time, various federal, state, or local taxes are increased, including taxes on fuels. We cannot predict whether, or in what form, any such increase applicable to us will be enacted, but such an increase could adversely affect our profitability.

Efforts by labor unions could divert management attention and could have a materially adverse effect on our operating results.

Although we have never signed a collective bargaining agreement since our company was founded, we always face the risk that Congress or one or more states will approve legislation significantly affecting our businesses and our relationship with our employees, such as the proposed federal legislation referred to as the Employee Free Choice Act. If enacted, this legislation would substantially liberalize the procedures for union organization. Any attempt to organize by our employees could result in increased legal and other associated costs. In addition, if we were to enter into a collective bargaining agreement, the terms could negatively affect our costs, efficiency, and ability to generate acceptable returns on the affected operations.

TAX EFFECTS OF PLAN

1. NSOs (Non-Qualified Stock Options).

Under present Internal Revenue Service regulations, the grant of an NSO will not result in income to the recipient if the stock option does not have a “readily ascertainable fair market value.” Options granted under the Plan do not have a “readily ascertainable fair market

value,” because such options are not actively traded on an existing market, are not freely transferable and, in general, are not immediately exercisable.

Subject to certain exceptions, income is usually recognized by an option recipient (the “optionee”) upon the exercise of an NSO. The income recognized is treated as “compensation” and is taxable as ordinary income to the optionee. The amount of income realized by the grantee is the difference between the option price and the fair market value of the Common Stock as of the date of exercise. However, when Common Stock acquired through the exercise of an option is subject to a restriction which makes the stock non-transferable and subjects it to a substantial risk of forfeiture, the amount of income realized by the optionee is the difference between the option price and the fair market value of the stock at the time the restrictions lapse or the amount realized when the stock is sold in an arm's length transaction, if a sale occurs before the restrictions lapse. (If an optionee exercises an NSO granted under the Plan and receives shares that are subject to the insider trading provisions of section 16(b) of the Securities Exchange Act of 1934 and sale of the shares could subject the optionee to liability under section 16(b), then the optionee will not recognize income upon the exercise of the option until the six-month period during which section 16(b) applies has lapsed or the stock is sold, if a sale occurs earlier.) Employees or Directors who have acquired shares of the Company's Common Stock through the exercise of an NSO should consult with legal counsel or their tax advisor prior to exercising their option(s) to purchase the shares.

Income recognized upon the exercise of an NSO is subject to income, social security, Medicare and other taxes. When an optionee exercises a NSO, the Company is authorized to withhold income, social security, unemployment, Medicare and other taxes from the income required to be recognized by the optionee.

2. ISOs (Incentive Stock Options).

The value of an ISO granted to an employee is not taxable to the employee at the time of grant or exercise (however, the exercise of an ISO may subject the optionee to the Alternative Minimum Tax, see below), if the Common Stock acquired through the exercise of the option is held for at least one year from the date the shares are acquired (i.e., the date the shares are acquired by the optionee from the Company), and no disposition of the Common Stock is made for two years after the date the option was granted. Generally, Common Stock acquired through the exercise of an ISO will not be considered to have been disposed of if transferred by reason of death, through certain tax-free reorganizations, or if pledged or hypothecated. However, a sale or disposition of the Common Stock, pursuant to a pledge or hypothecation, for example the sale of stock upon the foreclosure of a pledge agreement, is a disposition by the individual, even though the making of the pledge or hypothecation is not such a disposition.

Employees who have acquired shares of the Company's Common Stock through the exercise an ISO should consult with legal counsel or their tax advisor prior to disposing of the shares within one year after the shares are acquired or within two years after the date of the option grant.

An employee who is granted an ISO is taxed only on the value of the Common Stock acquired through the exercise of the option at the time the shares are sold, if the shares

otherwise meet the requirements for taxation as shares acquired under an ISO. If an optionee sells shares acquired through the exercise of an ISO, and the sale is not a disqualifying disposition (as described in the paragraph below), the gain realized upon the disposition will generally be taxed as long-term capital gain. The gain realized by the optionee is the difference between the proceeds realized upon the sale or disposition of the shares and the optionee's tax basis in the shares, which is an item of tax preference for purposes of computing the individual alternative minimum tax applicable to the optionee. An optionee's tax basis in the shares will generally be equal to the option price paid for the shares.

If an optionee disposes of Common Stock acquired through the exercise of an ISO before the expiration of the required holding period (within two years of the date the option was granted or within one year after the shares are transferred to the optionee pursuant to the exercise of an option), the sale will be a disqualifying disposition, and the optionee will realize ordinary income in the year the disqualifying disposition occurs. Generally, the amount of ordinary income recognized is the difference between the option price and the fair market value of the stock on the date of exercise. The balance of the optionee's gain, if any, will be taxed as long-term capital gain if the optionee has held the shares for more than one year.

The tax rules applicable to ISOs limit the amount of ordinary income that is includable in the gross income of an optionee who makes a disqualifying disposition of shares acquired under an ISO in a sale or exchange, if the amount realized on a disqualifying disposition is less than the fair market value of the stock as of the date the option is exercised. In that situation, the amount which is includable as ordinary income to the optionee cannot exceed the excess (if any) of the amount realized upon the sale or exchange over the optionee's adjusted basis in the stock. Such a situation might occur, for example, if an employee was granted an option for stock at \$15.00 per share and exercised the option when the stock was \$20.00 per share. If after exercise the stock were to fall to \$16.00 per share, and the employee made a disqualifying disposition of the stock, the maximum income realized by the employee would be \$1.00 per share, not \$5.00 per share.

As discussed above, the bargain element of an ISO, i.e., the difference between the exercise price of an ISO and the value of the stock at the time of exercise, is not included in income at the time of grant or exercise. However, in the year of exercise, the bargain element is considered income subject to the Alternative Minimum Tax ("AMT"), even if the shares acquired through the exercise of an ISO have not been sold. This means that the optionee's income subject to AMT will be increased by the bargain element and, as a result, the AMT liability due will also increase. If an optionee disposes of the stock acquired by exercise of an ISO during the same year in which the optionee acquired the stock, no adjustment to income subject to AMT will occur with regard to the ISO; ***however, the disposition will be a disqualifying disposition and any gain recognized will not be eligible for favorable ISO treatment (that is, the gain will be taxed as ordinary income). If a disqualifying disposition occurs, the optionee must report the bargain element as compensation income taxable at ordinary rates.***

Income recognized by an employee from the exercise of an ISO is not treated as "wages" for purposes of federal income, social security, unemployment and Medicare tax withholding.

3. Capital Gains On Sale of Option Stock.

Common Stock acquired by an optionee may produce long or short-term capital gain or loss, after the element of compensation has been recognized, if the shares are held as a capital asset by the optionee. Whether long or short-term capital gain or loss is recognized upon sale of the stock depends upon how long the stock has been held.

The amount of gain or loss realized on the sale of Common Stock acquired through the exercise of a NSO or ISO is the difference between the net proceeds from the sale of the Common Stock and the optionee's tax basis in the shares. An optionee's tax basis in the Common Stock will be the amount paid for such shares, plus the amount of income, if any, recognized with respect to such shares when the option was exercised or when any restriction which makes the stock nontransferable and subject to a substantial risk of forfeiture has lapsed.

The capital gains tax rules applicable after May 6, 1997, are extremely complicated. *In general, for sales of capital assets after May 6, 1997, the maximum capital gains rate is 20% (10% for individuals in the 15% tax bracket) for a capital asset, such as stock, that is held more than 12 months. A lower special rate of 18% (8% for individuals in the 15% tax bracket) applies to transactions after December 31, 2000, if the asset has been held for more than five years.*

As the result of the Jobs and Growth Tax Relief Reconciliation Act of 2003, the capital gains tax rate was reduced from 20% to 15%, effective for taxable years beginning after December 31, 2002, and for 2009, has been reduced to 0% for individuals in the 10% to 15% tax brackets. These tax reductions may make ISOs granted under the Plan more attractive to employees who can exercise their ISOs and hold the stock for the required period of time.

You should check with your tax advisor before you exercise any stock option to determine if you are subject to the AMT.

4. Payment of Option Price with Common Stock.

Tax rules presently applicable to stock options permit the option price of an option to purchase our Common Stock to be paid with other Common Stock of the Company. Under section 1036(a) of the Internal Revenue Code, a shareholder may exchange common stock for other common stock of the same corporation without recognizing any gain or loss. Section 422(c) of the Code allows an optionee to pay the exercise price of an ISO with stock of the corporation granting the option. Such an exchange is not a disqualifying disposition for purposes of the tax rules applicable to stock acquired under an ISO. If the option price is paid by the exchange of Common Stock of the Company for other Common Stock of the Company subject to option, the optionee's tax basis in the shares acquired through the exercise of the option would be the same basis the optionee had in the shares exchanged, that is the optionee's basis in the old shares would be carried over to the new shares.

5. Taxation of Grants of Restricted Stock, RSUs, and SARs.

The difference between the fair market value of each share of Common Stock subject to a Restricted Stock or an RSU Grant, and its purchase price, if any, under the Grant is

taxable to the recipient as ordinary income at the time of the grant, if no substantial risk of forfeiture exists. If a grant of Restricted Stock or an RSU is subject to a risk of forfeiture, no income would be recognized until the substantial risk of forfeiture lapses, unless the participant elects to recognize gain earlier by making a Section 83(b) election. For example, if a participant received a Grant of Restricted Stock having a fair market value of \$20 per share, and the Grant was subject to a three year cliff vesting provision (in other words, the full amount of the Grant would vest in three years), and at the time the Grant vested, the shares had a value of \$23 per share, the participant would be taxed at ordinary income rates on the difference between the amount paid for the shares (none) and the value of the shares when the restriction lapsed (\$23 per share).

At the time a participant exercises a SAR, if the Appreciation Value (generally, the difference in value of a share of the Company's Common Stock between the date the SAR grant is made and the date of exercise) is paid in cash, the amount paid will be taxable to the participant as ordinary income. If the Appreciation Value is paid in shares of Common Stock, the participant will also recognize ordinary income in the amount of the Appreciation Value at the time the participant exercises the SAR. Any additional gain realized by the participant upon the sale of Common Stock received through the exercise of a SAR will be taxable as capital gains in the same manner described above for NSOs.

Income taken into account as a result of Restricted Stock, RSU, or SAR Grants is subject to income tax, social security, unemployment, and Medicare tax withholding. The Company may reduce the total amount of any Grant by the employee's total withholding obligation.

If a Plan participant holds Common Stock acquired through the exercise of a grant of Restricted Stock or an RSU Grant for the appropriate period of time, the participant will recognize capital gains on the difference between the amount of income recognized when the benefit of the Restricted Stock or RSU grant was realized, and proceeds received from the sale of the shares. See, generally, the discussion of Capital Gains on the Sale of Option Stock, above. The holding period required to obtain long term capital gains treatment is presently more than twelve (12) months.

6. Summary Only.

The discussion above is of a general nature and is based on existing laws and regulations which are subject to change. Consequently, each participant is urged to consult his or her legal counsel or tax adviser regarding the specific tax effects of exercising any option granted under the Plan or of disposing shares acquired through the exercise of an option. For a complete statement of the Plan, participants are referred to the text of the Plan, and the foregoing summary is subject to and qualified in its entirety by such reference.

APPLICATION OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)

The Plan is not subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is qualified under Section 401 of the Internal Revenue Code.

LEGAL MATTERS

Riley Carlock & Applewhite, a professional corporation, Suite 1200, One North Central Avenue, Phoenix, Arizona 85004, has rendered its opinion, dated August 4, 2008_____, that the shares issued by the Company in connection with the Plan will be duly and validly issued, fully paid and nonassessable.

EXPERTS

The consolidated financial statements and schedule of the Company as of and for the year ended December 31, 2010, have been incorporated by reference herein and in the registration statement, in reliance upon the report of Deloitte, independent public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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KNIGHT TRANSPORTATION, INC.
AMENDED AND RESTATED
2003 STOCK OPTION AND EQUITY COMPENSATION PLAN
PROSPECTUS

July 1, 2011