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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): April 29, 2021

Schneider National, Inc.

(Exact Name of Registrant as Specified in Charter)

Wisconsin
(State of incorporation)
3101 South Packerland Drive
(Address of Principal Executive Offices)

001-38054
(Commission
File Number)
Green Bay WI
(920) 592-2000
(Registrant's Telephone Number, including Area Code)

39-1258315
(I.R.S. Employer
Identification No.)
54313
(Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class B common stock, no par value	SNDR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 Results of Operations and Financial Condition.

On April 29, 2021, Schneider National, Inc. issued a press release announcing its financial results for the three months ended March 31, 2021, which is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in this Item 2.02.

The information in this Item 2.02 and in Exhibit 99.1 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of Section 18, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Special Note Regarding Forward-Looking Statements

This information contained in this Item contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, which are intended to come within the safe harbor protection provided by such Act. These forward-looking statements reflect our current expectations, beliefs, plans, or forecasts with respect to, among other things, future events and financial performance and trends in the business and industry. Forward-looking statements are often characterized by words or phrases such as "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "prospects," "potential" and "forecast," and other words, terms, and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks, and uncertainties. Readers are cautioned that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such risks and uncertainties include, among others, those discussed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K filed on February 19, 2021, as such may be amended or supplemented in Part II, Item 1A, "Risk Factors," of subsequently filed Quarterly Reports on Form 10-Q, as well as those discussed in the consolidated financial statements, related notes, and other information appearing elsewhere in the aforementioned reports and other filings with the SEC. We do not intend, and undertakes no obligation, to update any of its forward-looking statements after the date of this release to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
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99.1	Press release dated April 29, 2021
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104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 29, 2021

SCHNEIDER NATIONAL, INC.

By: /s/ Stephen L. Bruffett
Name: Stephen L. Bruffett
Title: Executive Vice President and Chief Financial Officer



Schneider National, Inc. Announces First Quarter 2021 Results

- **Operating Revenues \$1.2 billion; \$1.1 billion in 2020**
- **Income from Operations \$76.2 million; \$54.9 million in 2020**
- **Diluted Earnings Per Share \$0.31; \$0.25 in 2020**
- **Adjusted Diluted Earnings Per Share \$0.31; \$0.24 in 2020**

Green Bay, Wis. - April 29, 2021 – Schneider National, Inc. (NYSE: SNDR, “Schneider” or the “Company”), a leading transportation and logistics services company, today announced results for the three months ended March 31, 2021.

“Our first quarter results affirm our strategy of a scaled, multi-modal portfolio providing enterprise solutions for our customers,” said Mark Rourke, Chief Executive Officer and President of Schneider. “Weather conditions in the quarter disrupted operations and impacted results in all our segments above that of an average year. In our Truckload segment, effective yield management and dedicated new business offset the impact of challenged driver capacity conditions and severe weather. Our Intermodal segment grew earnings 23% year over year, as favorable growth in our Eastern operations outweighed a series of disruptions in the network. Our Logistics segment achieved record first quarter revenue and earnings, aided by our broad qualified carrier network and expanded leverage of the Schneider FreightPower® platform.”

Rourke continued, “Despite the restricted driver capacity and lack of intermodal fluidity, we delivered the most profitable first quarter in our history, and our 2021 objectives to drive growth, enhance margins, and deliver shareholder value remain intact.”

Results of Operations *(unaudited)*

The following table summarizes the Company’s results of operations for the periods indicated.

<i>(in millions, except ratios & per share amounts)</i>	Three Months Ended March 31,		
	2021	2020	Change
Operating revenues	\$ 1,228.6	\$ 1,119.1	10%
Revenues (excluding fuel surcharge)	1,138.4	1,016.1	12%
Income from operations	76.2	54.9	39%
Adjusted income from operations	76.2	53.7	42%
Operating ratio	93.8 %	95.1 %	130 bps
Adjusted operating ratio	93.3 %	94.7 %	140 bps
Net income	\$ 54.8	\$ 43.8	25%
Adjusted net income	54.8	42.9	28%
Diluted earnings per share	0.31	0.25	24%
Adjusted diluted earnings per share	0.31	0.24	29%
Weighted average diluted shares outstanding	177.8	177.4	0.4

Results of Operations – Reportable Segments

Truckload

Truckload revenues (excluding fuel surcharge) for the first quarter of 2021 were \$451.7 million, a decrease of \$17.7 million, or 4%, compared to the same quarter in 2020, primarily due to lower network capacity levels and weather conditions, partially offset by favorable yield and dedicated growth. In addition, Truckload network revenue per truck per week was \$3,859, an increase of \$264, or 7%, compared to the first quarter of 2020.

Truckload income from operations was \$38.3 million in the first quarter of 2021, an increase of \$1.7 million, or 5%, compared to the same quarter in 2020. Constructive yield management actions taken in the quarter, including contract renewals and spot market opportunities, and favorable equipment and safety costs more than offset the earnings impact of reduced capacity and increased driver costs. Truckload segment operating ratio was 91.5% in the first quarter of 2021, compared to 92.2% in the first quarter of 2020.

Intermodal

Intermodal revenues (excluding fuel surcharge) for the first quarter of 2021 were \$255.8 million, an increase of \$17.8 million, or 7%, compared to the same quarter in 2020. Intermodal orders grew 2%, and revenue per order increased 6% compared to the first quarter of 2020. Further leverage and market differentiation of the Company's Eastern rail operations more than offset the impact of Western service issues and weather in the quarter.

Intermodal income from operations for the first quarter of 2021 was \$20.0 million, an increase of \$3.7 million, or 23%, compared to the same quarter in 2020. Yield management actions and Eastern network growth led to the year over year increase in earnings, more than offsetting weather disruptions. Intermodal operating ratio was 92.2% in the first quarter of 2021, compared to 93.2% in the first quarter of 2020.

Logistics

Logistics revenues (excluding fuel surcharge) for the first quarter of 2021 were \$355.9 million, an increase of \$116.3 million, or 49%, compared to the same quarter in 2020. Following record fourth quarter 2020 revenues, increased revenue per order and continued brokerage volume growth resulted in record first quarter revenues in 2021.

Logistics income from operations for the first quarter of 2021 was \$15.9 million, an increase of \$11.7 million, or 279%, compared to the same quarter in 2020, primarily due to increased net revenue per order and volume growth compared to the first quarter of 2020. Logistics operating ratio was 95.5% in the first quarter of 2021, compared to 98.2% in the first quarter of 2020.

Business Outlook

“We anticipate strong demand, improved intermodal network fluidity, and constrained driver capacity throughout 2021,” Rourke commented. “Based on these anticipated market conditions, our updated full year adjusted diluted earnings per share guidance is \$1.60 - \$1.70, up from our original guidance of \$1.45 - \$1.60. Our full year guidance for net capital expenditures is updated to a range of \$375 million to \$425 million subject to potential OEM supply chain issues.”

Non-GAAP Financial Measures

The Company has presented certain non-GAAP financial measures, including revenues (excluding fuel surcharge), adjusted income from operations, adjusted operating ratio, adjusted net income, and adjusted diluted earnings per share. Management believes the use of non-GAAP measures assists investors in understanding the business, as further described below. The non-GAAP information provided is used by Company management and may not be comparable to similar measures disclosed by other companies. The non-GAAP measures used herein have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of results as reported under GAAP.

A reconciliation of net income per share to adjusted diluted earnings per share as projected for 2021 is not provided. Schneider does not forecast net income per share as the Company cannot, without unreasonable effort, estimate or predict with certainty various components of net income. The components of net income that cannot be predicted include expenses for items that do not relate to core operating performance, such as costs related to potential future acquisitions, as well as the related tax impact of these items. Further, in the future, other items with similar characteristics to those currently included in adjusted net income,

that have a similar impact on the comparability of periods, and which are not known at this time may exist and impact adjusted net income.

About Schneider National, Inc.

We are one of the largest providers of surface transportation and logistics solutions in North America. Schneider National, Inc. is a publicly held holding company that, together with our wholly owned subsidiaries, provides safe, reliable, and innovative truckload, intermodal, and logistics services to a diverse group of customers throughout the continental United States, Canada, and Mexico. Unless otherwise indicated by the context, “we,” “us,” “our,” “ours,” the “Company,” and “Schneider” refer to Schneider National, Inc. and its consolidated subsidiaries. We were founded in 1935 and have been a publicly held company since our initial public offering in 2017. Our stock is publicly traded on the NYSE under the ticker symbol SADR and is included in the Russell 1000 Index. Schneider possesses an array of capabilities and resources that leverage artificial intelligence, data science, and analytics to provide innovative solutions that coordinate the movement of products timely, safely, and effectively, thus adding value to our customers’ supply chains.

Our diversified portfolio of complementary service offerings combines truckload services with intermodal and logistics offerings, enabling us to serve our customers’ varied needs. Our service offerings include transportation of full-truckload freight, which we directly transport utilizing either our company-controlled revenue equipment and company drivers or owner-operators under contract with us. We have arrangements with most of the major North American rail carriers to transport freight in containers. We also provide customized freight movement, revenue equipment, labor, systems, and delivery services tailored to meet individual customer requirements and typically involve long-term contracts. These arrangements are generally referred to as dedicated services and may include multiple pickups and drops, local deliveries, freight handling, specialized equipment, and freight network design. We also provide comprehensive logistics services with a network of thousands of reliable third-party carriers, and through a China-based subsidiary, we offer limited transportation and logistics services in China which consist primarily of brokerage services.

Special Note Regarding Forward-Looking Statements

This earnings release contains forward-looking statements, within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company’s current expectations, beliefs, plans, or forecasts with respect to, among other things, future events and financial performance and trends in the business and industry. The words “may,” “will,” “could,” “should,” “would,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “prospects,” “potential,” “budget,” “forecast,” “continue,” “predict,” “seek,” “objective,” “goal,” “guidance,” “outlook,” “effort,” “target,” and similar words, expressions, terms, and phrases among others, generally identify forward-looking statements, which speak only as of the date the statements were made. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks, and uncertainties. Readers are cautioned that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement.

The statements in this news release are based on currently available information and the current expectations, forecasts, and assumptions of the Company’s management concerning risks and uncertainties that could cause actual outcomes or results to differ materially from those outcomes or results that are projected, anticipated, or implied in these statements. Such risks and uncertainties include, among others, those discussed in Part I, Item 1A, “Risk Factors,” of the Company’s Annual Report on Form 10-K filed on February 19, 2021, subsequent Reports on Form 10-Q and 8-K and our other filings we make with the U.S. Securities and Exchange Commission. In addition to any such risks, uncertainties, and other factors discussed elsewhere herein, risks, uncertainties, and other factors that could cause or contribute to actual results differing materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- Our ability to successfully manage the demand, supply, and operational challenges and disruptions (including the impact of reduced freight volumes) associated with the ongoing COVID-19 pandemic and the associated responses of federal, state, and local governments and businesses;
- Economic and business risks inherent in the truckload and transportation industry, including competitive pressures pertaining to pricing, capacity, and service;
- Our ability to effectively manage tight truck capacity brought about by driver shortages and successfully execute our yield management strategies;
- Our ability to maintain key customer and supply arrangements (including Dedicated arrangements) and to manage disruption of our business due to factors outside of our control, such as natural disasters, acts of war or terrorism, disease outbreaks, or pandemics;
- Our ability to manage and implement effectively our growth and diversification strategies and cost saving initiatives;

- Our dependence on our reputation and the Schneider brand and the potential for adverse publicity, damage to our reputation, and the loss of brand equity;
- Risks related to demand for our service offerings;
- Risks associated with the loss of a significant customer or customers;
- Capital investments that fail to match customer demand or for which we cannot obtain adequate funding;
- Fluctuations in the price or availability of fuel, the volume and terms of diesel fuel purchase commitments, and our ability to recover fuel costs through our fuel surcharge programs;
- Our ability to attract and retain qualified drivers and owner-operators;
- Our reliance on owner-operators to provide a portion of our truck fleet;
- Our dependence on railroads in the operation of our intermodal business;
- Service instability from third-party capacity providers used by our business;
- Changes in the outsourcing practices of our third-party logistics customers;
- Difficulty in obtaining material, equipment, goods, and services from our vendors and suppliers;
- Variability in insurance and claims expenses and the risks of insuring claims through our captive insurance company;
- The impact of laws and regulations that apply to our business, including those that relate to the environment, taxes, associates, owner-operators, and our captive insurance company; changes to those laws and regulations; and the increased costs of compliance with existing or future federal, state, and local regulations;
- Political, economic, and other risks from cross-border operations and operations in multiple countries;
- Risks associated with financial, credit, and equity markets, including our ability to service indebtedness and fund capital expenditures and strategic initiatives;
- Negative seasonal patterns generally experienced in the trucking industry during traditionally slower shipping periods and winter months;
- Risks associated with severe weather and similar events;
- Significant systems disruptions, including those caused by cybersecurity events;
- The potential that we will not successfully identify, negotiate, consummate, or integrate acquisitions;
- Exposure to claims and lawsuits in the ordinary course of business; and
- Our ability to adapt to new technologies and new participants in the truckload and transportation industry.

The Company undertakes no obligation to publicly release any revision to its forward looking statements to reflect events or circumstances after the date of this earnings release.

Conference Call and Webcast Information

The Company will host an earnings conference call today at 10:30 a.m. Eastern Time. The conference call can be accessed by dialing 877-451-6152 (U.S.) or 201-389-0879 (international). A replay will be available approximately three hours after the call through May 6th by dialing 844-512-2921 (U.S.) or 412-317-6671 (international). The passcode for the replay is 13717823. A live webcast of the conference call can also be accessed on the [Investor Relations](#) section of the Company's website, [Schneider.com](#).

Contact: Steve Bindas, Director of Investor Relations
 920-592-SNDR
 investor@schneider.com
 Source: Schneider SNDR

SCHNEIDER NATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in millions, except per share data)

	Three Months Ended March 31,	
	2021	2020
Operating revenues	\$ 1,228.6	\$ 1,119.1
Operating expenses:		
Purchased transportation	558.5	479.6
Salaries, wages, and benefits	267.1	264.4
Fuel and fuel taxes	63.8	60.9
Depreciation and amortization	73.1	69.8
Operating supplies and expenses	136.1	132.0
Insurance and related expenses	24.4	29.2
Other general expenses	29.4	29.5
Restructuring—net	—	(1.2)
Total operating expenses	1,152.4	1,064.2
Income from operations	76.2	54.9
Other expenses (income):		
Interest income	(0.8)	(1.8)
Interest expense	3.4	3.8
Other expense (income)—net	0.8	(5.4)
Total other expenses (income)	3.4	(3.4)
Income before income taxes	72.8	58.3
Provision for income taxes	18.0	14.5
Net income	\$ 54.8	\$ 43.8
Weighted average common shares outstanding	177.4	177.1
Basic earnings per share	\$ 0.31	\$ 0.25
Weighted average diluted shares outstanding	177.8	177.4
Diluted earnings per share	\$ 0.31	\$ 0.25

SCHNEIDER NATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)
(in millions)

	March 31, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 472.2	\$ 395.5
Trade accounts receivable—net	560.0	537.7
Other current assets	302.9	287.5
Net property and equipment	1,790.6	1,831.9
Other noncurrent assets	487.6	463.6
Total Assets	\$ 3,613.3	\$ 3,516.2
Liabilities and Shareholders' Equity		
Trade accounts payable	\$ 295.8	\$ 245.7
Current maturities of debt and finance lease obligations	100.7	40.4
Other current liabilities	270.6	248.5
Long-term debt and finance lease obligations	207.2	266.4
Deferred income taxes	457.9	450.4
Other noncurrent liabilities	181.2	209.3
Shareholders' equity	2,099.9	2,055.5
Total Liabilities and Shareholders' Equity	\$ 3,613.3	\$ 3,516.2

SCHNEIDER NATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Three Months Ended March 31,	
	2021	2020
Net cash provided by operating activities	\$ 101.1	\$ 124.5
Net cash used in investing activities	(11.9)	(39.7)
Net cash used in financing activities	(12.5)	(35.8)
Net increase in cash and cash equivalents	\$ 76.7	\$ 49.0
Net capital expenditures	\$ 3.4	\$ (15.4)

Schneider National, Inc.
Revenues and Income (Loss) from Operations by Segment
(unaudited)

Revenues by Segment

<i>(in millions)</i>	Three Months Ended March 31,	
	2021	2020
Truckload	\$ 451.7	\$ 469.4
Intermodal	255.8	238.0
Logistics	355.9	239.6
Other	98.4	99.4
Fuel surcharge	90.2	103.0
Inter-segment eliminations	(23.4)	(30.3)
Operating revenues	<u>\$ 1,228.6</u>	<u>\$ 1,119.1</u>

Income (Loss) from Operations by Segment

<i>(in millions)</i>	Three Months Ended March 31,	
	2021	2020
Truckload	\$ 38.3	\$ 36.6
Intermodal	20.0	16.3
Logistics	15.9	4.2
Other	2.0	(2.2)
Income from operations	<u>\$ 76.2</u>	<u>\$ 54.9</u>

Schneider National, Inc.
Key Performance Indicators by Segment
(unaudited)

We monitor and analyze a number of KPIs in order to manage our business and evaluate our financial and operating performance. Below are our KPIs by segment.

Truckload

The following table presents KPIs for our Truckload segment for the periods indicated, consistent with how revenues and expenses are reported internally for segment purposes. Descriptions of the two operations that make up our Truckload segment are as follows:

- **Dedicated** - Transportation services with equipment devoted to customers under long-term contracts.
- **Network** - Transportation services of one-way shipments.

	Three Months Ended March 31,	
	2021	2020
Dedicated		
Revenues (excluding fuel surcharge) ⁽¹⁾	\$ 184.8	\$ 176.1
Average trucks ⁽²⁾⁽³⁾	4,143	3,905
Revenue per truck per week ⁽⁴⁾	\$ 3,506	\$ 3,501
Network		
Revenues (excluding fuel surcharge) ⁽¹⁾	\$ 264.9	\$ 291.8
Average trucks ⁽²⁾⁽³⁾	5,396	6,302
Revenue per truck per week ⁽⁴⁾	\$ 3,859	\$ 3,595
Total Truckload		
Revenues (excluding fuel surcharge) ⁽⁵⁾	\$ 451.7	\$ 469.4
Average trucks ⁽²⁾⁽³⁾	9,539	10,207
Revenue per truck per week ⁽⁴⁾	\$ 3,706	\$ 3,559
Average company trucks ⁽³⁾	7,067	7,307
Average owner-operator trucks ⁽³⁾	2,472	2,900
Trailers ⁽⁶⁾	36,823	35,693
Operating ratio ⁽⁷⁾	91.5 %	92.2 %

(1) Revenues (excluding fuel surcharge), in millions, exclude revenue in transit.

(2) Includes company trucks and owner-operator trucks.

(3) Calculated based on beginning and end of month counts and represents the average number of trucks available to haul freight over the specified timeframe.

(4) Calculated excluding fuel surcharge and revenue in transit, consistent with how revenue is reported internally for segment purposes, using weighted workdays.

(5) Revenues (excluding fuel surcharge), in millions, include revenue in transit at the operating segment level and therefore does not sum with amounts presented above.

(6) Includes entire fleet of owned trailers, including trailers with leasing arrangements between Truckload and Logistics.

(7) Calculated as segment operating expenses divided by segment revenues (excluding fuel surcharge), including revenue in transit and related expenses at the operating segment level.

Intermodal

The following table presents our KPIs for our Intermodal segment for the periods indicated.

	Three Months Ended March 31,	
	2021	2020
Orders ⁽¹⁾	108,785	106,587
Containers	21,795	21,982
Trucks ⁽²⁾	1,628	1,529
Revenue per order ⁽³⁾	\$ 2,300	\$ 2,173
Operating ratio ⁽⁴⁾	92.2 %	93.2 %

(1) Based on delivered rail orders.

(2) Includes company trucks and owner-operator trucks at the end of the period.

(3) Calculated using rail revenues excluding fuel surcharge and revenue in transit, consistent with how revenue is reported internally for segment purposes.

(4) Calculated as segment operating expenses divided by segment revenues (excluding fuel surcharge) including revenue in transit and related expenses at the operating segment level.

Logistics

The following table presents our KPI for our Logistics segment for the periods indicated.

	Three Months Ended March 31,	
	2021	2020
Operating ratio ⁽¹⁾	95.5 %	98.2 %

(1) Calculated as segment operating expenses divided by segment revenues (excluding fuel surcharge) including revenue in transit and related expenses at the operating segment level.

Schneider National, Inc.
Reconciliation of Non-GAAP Financial Measures
(unaudited)

In this earnings release, we present the following non-GAAP financial measures: (1) revenues (excluding fuel surcharge), (2) adjusted income from operations, (3) adjusted operating ratio, (4) adjusted net income, and (5) adjusted diluted earnings per share. We also provide reconciliations of these measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Management believes the use of each of these non-GAAP measures assists investors in understanding our business by (1) removing the impact of items from our operating results that, in our opinion, do not reflect our core operating performance, (2) providing investors with the same information our management uses internally to assess our core operating performance, and (3) presenting comparable financial results between periods. In addition, in the case of revenues (excluding fuel surcharge), we believe the measure is useful to investors because it isolates volume, price, and cost changes directly related to industry demand and the way we operate our business from the external factor of fluctuating fuel prices and the programs we have in place to manage fuel price fluctuations. Fuel-related costs and their impact on our industry are important to our results of operations, but they are often independent of other, more relevant factors affecting our results of operations and our industry.

Although we believe these non-GAAP measures are useful to investors, they have limitations as analytical tools and may not be comparable to similar measures disclosed by other companies. You should not consider the non-GAAP measures in this report in isolation or as substitutes for, or alternatives to, analysis of our results as reported under GAAP. The exclusion of unusual or infrequent items or other adjustments reflected in the non-GAAP measures should not be construed as an inference that our future results will not be affected by unusual or infrequent items or by other items similar to such adjustments. Our management compensates for these limitations by relying primarily on our GAAP results in addition to using the non-GAAP measures.

Adjustments to arrive at non-GAAP measures are made at the enterprise level, with the exception of fuel surcharge revenues, which are not included in segment revenues.

Revenues (excluding fuel surcharge)

We define “revenues (excluding fuel surcharge)” as operating revenues less fuel surcharge revenues, which are excluded from revenues at the segment level. Included below is a reconciliation of operating revenues, the most closely comparable GAAP financial measure, to revenues (excluding fuel surcharge).

<i>(in millions)</i>	Three Months Ended March 31,	
	2021	2020
Operating revenues	\$ 1,228.6	\$ 1,119.1
Less: Fuel surcharge revenues	90.2	103.0
Revenues (excluding fuel surcharge)	<u>\$ 1,138.4</u>	<u>\$ 1,016.1</u>

Adjusted income from operations

We define “adjusted income from operations” as income from operations, adjusted to exclude material items that do not reflect our core operating performance. Included below is a reconciliation of income from operations, which is the most directly comparable GAAP measure, to adjusted income from operations. Excluded items for the periods shown are explained in the table and notes below.

<i>(in millions)</i>	Three Months Ended March 31,	
	2021	2020
Income from operations	\$ 76.2	\$ 54.9
Restructuring—net ⁽¹⁾	—	(1.2)
Adjusted income from operations	<u>\$ 76.2</u>	<u>\$ 53.7</u>

(1) Activity associated with the shutdown of the FTFM service offering in August 2019.

Adjusted operating ratio

We define “adjusted operating ratio” as operating expenses, adjusted to exclude material items that do not reflect our core operating performance, divided by revenues (excluding fuel surcharge). Included below is a reconciliation of operating ratio, which is the most directly comparable GAAP measure, to adjusted operating ratio.

<i>(in millions, except ratios)</i>	Three Months Ended March 31,	
	2021	2020
Total operating expenses	\$ 1,152.4	\$ 1,064.2
Divide by: Operating revenues	1,228.6	1,119.1
Operating ratio	93.8 %	95.1 %
Total operating expenses	\$ 1,152.4	\$ 1,064.2
Adjusted for:		
Fuel surcharge revenues	(90.2)	(103.0)
Restructuring—net	—	1.2
Adjusted total operating expenses	\$ 1,062.2	\$ 962.4
Operating revenues	\$ 1,228.6	\$ 1,119.1
Less: Fuel surcharge revenues	90.2	103.0
Revenues (excluding fuel surcharge)	\$ 1,138.4	\$ 1,016.1
Adjusted operating ratio	93.3 %	94.7 %

Adjusted net income

We define “adjusted net income” as net income, adjusted to exclude material items that do not reflect our core operating performance. Included below is a reconciliation of net income, which is the most directly comparable GAAP measure, to adjusted net income.

<i>(in millions)</i>	Three Months Ended March 31,	
	2021	2020
Net income	\$ 54.8	\$ 43.8
Restructuring—net	—	(1.2)
Income tax effect of non-GAAP adjustments ⁽¹⁾	—	0.3
Adjusted net income	\$ 54.8	\$ 42.9

(1) Our estimated tax rate on non-GAAP items is determined annually using the applicable consolidated federal and state effective tax rate, modified to remove the impact of tax credits and adjustments that are not applicable to the specific items. Due to the differences in the tax treatment of items excluded from non-GAAP income, as well as the methodology applied to our estimated annual tax rates as described above, our estimated tax rate on non-GAAP items may differ from our GAAP tax rate and from our actual tax liabilities.

Adjusted diluted earnings per share ⁽¹⁾

	Three Months Ended March 31,	
	2021	2020
Diluted earnings per share	\$ 0.31	\$ 0.25
Non-GAAP adjustments, tax effected	—	—
Adjusted diluted earnings per share	\$ 0.31	\$ 0.24

(1) Table may not sum due to rounding.