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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2010
Commission File No. 000-22490

FORWARD AIR CORPORATION
(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	**62-1120025** (I.R.S. Employer Identification No.)
430 Airport Road **Greeneville, Tennessee** (Address of principal executive offices)	**37745** (Zip Code)

(423) 636-7000
(Registrant's telephone number, including area code)

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

Common Stock, $0.01 par value (Title of class)	**The NASDAQ Stock Market LLC** (Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting Company ☐
	(Do not check if a smaller reporting company)		

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2010 was approximately $782,940,733 based upon the $27.25 closing price of the stock as reported on The NASDAQ Stock Market LLC on that date. For purposes of this computation, all directors and executive officers of the registrant are assumed to be affiliates. This assumption is not a conclusive determination for purposes other than this calculation.

The number of shares outstanding of the registrant's common stock, $0.01 par value per share as of February 21, 2011 was 29,140,095.
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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2011 Annual Meeting of Shareholders are incorporated by reference into Part III of this report.

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Forward Air Corporation

Introductory Note

This Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (this "Form 10-K") contains "forward-looking statements," as defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or our future financial performance. Some forward-looking statements may be identified by use of such terms as "believes," "anticipates," "intends," "plans," "estimates," "projects" or "expects." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the forward-looking statements: economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, our inability to maintain our historical growth rate because of a decreased volume of freight or decreased average revenue per pound of freight moving through our network, increasing competition and pricing pressure, surplus inventories, loss of a major customer, the creditworthiness of our customers and their ability to pay for services rendered, our ability to secure terminal facilities in desirable locations at reasonable rates, the inability of our information systems to handle an increased volume of freight moving through our network, changes in fuel prices, claims for property damage, personal injuries or workers' compensation, employment matters including rising health care costs, enforcement of and changes in governmental regulations, environmental and tax matters, the handling of hazardous materials, the availability and compensation of qualified independent owner-operators and freight handlers needed to serve our transportation needs and our inability to successfully integrate acquisitions. As a result of the foregoing, no assurance can be given as to future financial condition, cash flows or results of operations. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Part I

Item 1. Business

We were formed as a corporation under the laws of the State of Tennessee on October 23, 1981. Our operations can be broadly classified into two principal segments: Forward Air, Inc. ("Forward Air") and Forward Air Solutions, Inc. ("FASI").

Through our Forward Air segment, we are a leading provider of time-definite surface transportation and related logistics services to the North American deferred air freight market. We offer our customers local pick-up and delivery (Forward Air Complete™) and scheduled surface transportation of cargo as a cost-effective, reliable alternative to air transportation. We transport cargo that must be delivered at a specific time but is less time-sensitive than traditional air freight. This type of cargo is frequently referred to in the transportation industry as deferred air freight. We operate our Forward Air segment through a network of terminals located on or near airports in 84 cities in the United States and Canada, including a central sorting facility in Columbus, Ohio and 12 regional hubs serving key markets. We also offer our customers an array of logistics and other services including: expedited full truckload ("TLX"); dedicated fleets; warehousing; customs brokerage; and shipment consolidation, deconsolidation and handling.

Through our Forward Air segment, we market our airport-to-airport services primarily to air freight forwarders, integrated air cargo carriers, and passenger and cargo airlines. To serve this market, we offer customers a high level of service with a focus on on-time, damage-free deliveries. We serve our customers by locating terminals on or near airports and maintaining regularly scheduled transportation service between major cities. We either receive shipments at our terminals or pick up shipments directly from our customers and transport them by truck (i) directly to the destination terminal; (ii) to our Columbus, Ohio central sorting facility; or (iii) to one of our 12 regional hubs, where they are unloaded, sorted and reloaded. After reloading the shipments, we deliver them to the terminals nearest their destinations and then, if requested by the customer, on to a final designated site. We ship freight directly between terminals when justified by the tonnage volume. During 2010, approximately 24.6% of the freight we handled was for overnight delivery, approximately 60.1% was for delivery within two to three days and the balance was for delivery in four or more days. We generally do not market our airport-to-airport services directly to shippers (where such services might compete with our freight forwarder customers). Also, because we do not place significant size or weight restrictions on airport-to-airport shipments, we generally do not compete directly with integrated air cargo carriers such as United Parcel Service and Federal Express in the overnight delivery of small parcels. In 2010, Forward Air's five largest customers accounted for approximately 21.6% of Forward Air's operating revenue and no single customer accounted for more than 10.0% of Forward Air's operating revenue.

We continue to develop and implement complimentary services to the airport-to-airport network. Our complimentary services including TLX full truckload; dedicated fleets; local pick-up and delivery; warehousing; customs brokerage; and shipment consolidation, deconsolidation and handling are critical to helping meet the changing needs of our customers and for efficiently using the people and resources of our airport-to-airport network.

Through our FASI segment, which we formed in July 2007 in conjunction with our acquisition of certain assets and liabilities of USA Carriers, Inc. ("USAC"), we provide pool distribution services throughout the Mid-Atlantic, Southeast, Midwest and Southwest continental United States. Pool distribution involves managing high-frequency, last mile handling and distribution of time-sensitive product to numerous destinations in specific geographic regions. Our primary customers for pool distribution are regional and nationwide distributors and specialty retailers, such as mall, strip mall and outlet-based retail chains. We service these customers through a network of terminals and service centers located in 19 cities. FASI's four largest customers accounted for approximately 70.4% of FASI's operating revenue, but revenues from these four customers did not exceed 10.0% of our consolidated revenue. No other customers accounted for more than 10.0% of FASI's operating revenue.

Our Industry

As businesses minimize inventory levels, close regional and local distribution centers, perform manufacturing and assembly operations in multiple locations and distribute their products through multiple channels, they have an increased need for expedited or time-definite delivery services. Expedited or time-definite shipments are those shipments for which the customer requires delivery the next day or within two to three days, usually by a specified time or within a specified time window.

Shippers with expedited or time-definite delivery requirements have several principal alternatives to transport freight: freight forwarders; integrated air cargo carriers; less-than-truckload carriers; full truckload carriers, and passenger and cargo airlines.

Although expedited or time-definite freight is often transported by aircraft, freight forwarders and shippers often elect to arrange for its transportation by truck, especially for shipments requiring deferred delivery within two to three days. Generally, the cost of shipping freight, especially heavy freight, by truck is substantially less than shipping by aircraft. We believe there are several trends that are increasing demand for lower-cost truck transportation of expedited air freight. These trends include:

- Freight forwarders obtain requests for shipments from customers, make arrangements for transportation of the cargo by a third-party carrier and usually arrange for both delivery from the shipper to the carrier and from the carrier to the recipient.

- Integrated air cargo carriers provide pick-up and delivery services primarily using their own fleet of trucks and provide transportation services generally using their own fleet of aircraft.

- Less-than-truckload carriers also provide pick-up and delivery services through their own fleet of trucks. These carriers operate terminals where a single shipment is unloaded, sorted and reloaded multiple times. This additional handling increases transit time, handling costs and the likelihood of cargo damage or theft.

- Full truckload carriers provide transportation services generally using their own fleet of trucks. A freight forwarder or shipper must have a shipment of sufficient size to justify the cost of a full truckload. These cost benefit concerns can inhibit the flexibility often required by freight forwarders or shippers.

- Passenger or cargo airlines provide airport-to-airport service, but have limited cargo space and generally accept only shipments weighing less than 150 pounds.

Competitive Advantages

We believe that the following competitive advantages are critical to our success in both our Forward Air and FASI segments:

- *Focus on Specific Freight Markets.* Our Forward Air segment focuses on providing time-definite surface transportation and related logistics services to the deferred air cargo industry. Our FASI segment focuses on providing high-quality pool distribution services to retailers and nationwide distributors of retail products. This focused approach enables us to provide a higher level of service in a more cost-effective manner than our competitors.

- *Expansive Network of Terminals and Sorting Facilities.* We have developed a network of Forward Air terminals and sorting facilities throughout the United States and Canada located on or near airports. We believe it would be difficult for a competitor to duplicate our Forward Air network without the expertise and strategic facility locations we have acquired without expending significant capital and management resources. Our expansive Forward Air network enables us to provide regularly scheduled service between most markets with low levels of freight damage or loss, all at rates which in general are significantly below air freight rates.

  Primarily through acquisitions, we have established a FASI network of terminals and service centers throughout the Mid-Atlantic, Southeast, Midwest and Southwest continental United States. The pool distribution market is very fragmented and our competition primarily consists of regional and local providers. We believe that through our network of FASI terminals and service locations we can offer our pool distribution customers comprehensive, high-quality service across the majority of the continental United States.

- *Concentrated Marketing Strategy.* Forward Air provides our deferred air freight services mainly to air freight forwarders, integrated air cargo carriers, and passenger and cargo airlines rather than directly serving shippers. Forward Air does not place significant size or weight restrictions on shipments and, therefore, it does not compete with delivery services such as United Parcel Service and Federal Express in the overnight small parcel market. We believe that Forward Air customers prefer to purchase their transportation services from us because, among other reasons, we generally do not market Forward Air's services to their shipper customers and, therefore, do not compete directly with them for customers.

  FASI provides pool distribution services primarily to regional and nationwide distributors and specialty retailers, such as mall, strip mall and outlet-based retail chains.

- *Superior Service Offerings.* Forward Air's published deferred air freight schedule for transit times with specific cut-off and arrival times generally provides Forward Air customers with the predictability they need. In addition, our network of Forward Air terminals allows us to offer our customers later cut-off times, a higher percentage of direct shipments (which reduces damage and shortens transit times) and earlier delivery times than most of our competitors.

  Our network of FASI terminals allows us the opportunity to provide precision deliveries to a wider range of locations than most pool distribution providers with increased on-time performance.

- *Flexible Business Model.* Rather than owning and operating our own fleet of trucks, Forward Air purchases most of its transportation requirements from owner-operators or truckload carriers. This allows Forward Air to respond quickly to changing demands and opportunities in our industry and to generate higher returns on assets because of the lower capital requirements.

  Primarily as a result of the structure of our acquisition targets and the nature of pool distribution services, FASI utilizes a higher percentage of Company-employed drivers and Company-owned equipment than Forward Air. However, as the conditions of individual markets and requirements of our customers allow, we are increasing the usage of owner-operators in our pool distribution business.

- *Comprehensive Logistic and Other Service Offerings.* Forward Air offers an array of logistic and other services including: TLX, pick-up and delivery (Forward Air Complete™), dedicated fleet, warehousing, customs brokerage and shipment consolidation and handling. These services are an essential part of many of our Forward Air customers' transportation needs and are not offered by many of our competitors. Forward Air is able to provide these services utilizing existing infrastructure and thereby earning additional revenue without incurring significant additional fixed costs.

- *Leading Technology Platform.* We are committed to using information technology to improve our Forward Air and FASI operations. Through improved information technology, we believe we can increase the volume of freight we handle in our networks, improve visibility of shipment information and reduce our operating costs. Our Forward Air technology allows us to provide our customers with electronic bookings and real-time tracking and tracing of shipments while in our network, complete shipment history, proof of delivery, estimated charges and electronic bill presentment. We continue to enhance our Forward Air systems to permit us and our customers to access vital information through both the Internet and electronic data interchange. We have continued to invest in information technology to the benefit of our customers and our business processes.

  We are committed to developing the same superior level of information technology for FASI. One of the challenges FASI faces is the integration of many different software applications utilized by not only the companies FASI acquired but our individual customers as well. In 2010, we substantially completed a comprehensive system that will provide our pool distribution customers with the same level of visibility, interactivity and flexibility as experienced by our Forward Air customers. We continue to invest in enhancements to the FASI systems.

- *Strong Balance Sheet and Availability of Funding.* Our asset-light business model and strong market position in the deferred air freight market provides the foundation for operations that produce excellent cash flow from operations even in challenging conditions. Our strong balance sheet can also be a competitive advantage. Our competitors, particularly in the pool distribution market, are mainly regional and local operations and may struggle to maintain operations in the current economic environment. The threat of financial instability may encourage new and existing customers to use a more financially secure transportation provider, such as FASI.

Growth Strategy

Our growth strategy is to take advantage of our competitive strengths in order to increase our profits and shareholder returns. Our goal is to use our established networks as the base from which to expand and launch new services that will allow us to grow in any economic environment. Principal components of our efforts include:

- *Increase Freight Volume from Existing Customers.* Many of our customers currently use Forward Air and FASI for only a portion of their overall transportation needs. We believe we can increase freight volumes from existing customers by offering more comprehensive services that address all of the customer's transportation needs, such as Forward Air Complete, our direct to door pick-up and delivery service. By offering additional services that can be integrated with our existing business, we believe we will attract additional business from existing customers.

- *Develop New Customers.* We continue to actively market our Forward Air and FASI services to potential new customers. In our Forward Air segment, we believe air freight forwarders will continue to move away from integrated air cargo carriers because those carriers charge higher rates, and away from less-than-truckload carriers because those carriers provide less reliable service and compete for the same customers as do the air freight forwarders. In addition, we believe Forward Air's comprehensive North American network and related logistics services are attractive to domestic and international airlines. Forward Air Complete™ can also help attract business from new customers who require pick-up and delivery for their shipments. In our pool distribution business, we are emphasizing the development of relationships with customers who have peak volume seasons outside of the traditional fourth quarter spike in order to stabilize FASI's earnings throughout the calendar year. We are currently targeting customers from industries such as hospitality, healthcare and publishing. Further, by expanding our network of FASI terminals, we believe we can attract new customers and new business from existing customers by offering our services across multiple regions of the continental United States. During the upcoming years, we plan on expanding FASI's terminal footprint by opening FASI operations in select Forward Air terminals. We believe the utilization of existing Forward Air terminals will allow us to increase our FASI revenues with minimal addition of fixed costs.

- *Improve Efficiency of Our Transportation Network.* We constantly seek to improve the efficiency of our airport-to-airport and FASI networks. Regional hubs and direct shuttles improve Forward Air's efficiency by reducing the number of miles freight must be transported and the number of times freight must be handled and sorted. As the volume of freight between key markets increases, we intend to continue to add direct shuttles. Since 2006, we have constructed or expanded terminals in key gateway cities. With these new and expanded facilities, we believe we will have the necessary space to grow our business in key gateway cities and to offer additional services. We are working to improve our FASI operations by increasing the efficiencies of our daily and weekly transportation routes and the cartons handled per hour on our docks. We are constantly looking to improve our route efficiencies by consolidating loads and utilizing owner-operators when available. We are investing in conveyor systems for certain FASI terminals to increase the productivity of our cargo handlers. Finally, we are actively looking to reduce or eliminate the number of duplicate facilities in cities which have both Forward Air and FASI terminals. We have combined Forward Air and FASI facilities in Dallas/Fort Worth, Texas, Des Moines, Iowa, Denver, Colorado, Kansas City, Missouri, Nashville, TN, Richmond, Virginia and Tulsa, Oklahoma, and will continue this process in upcoming years as the expiration of leases and business volumes allow. In addition, FASI is providing agent station services to Forward Air in Albuquerque, New Mexico and Montgomery, Alabama.

- *Expand Logistics and Other Services.* We continue to expand our logistics and other services to increase revenue and improve utilization of our Forward Air terminal facilities and labor force. Because of the timing of the arrival and departure of cargo, our Forward Air facilities are under-utilized during certain portions of the day, allowing us to add logistics services without significantly increasing our costs. Therefore, we have added a number of Forward Air logistic services in the past few years, such as TLX, dedicated fleet, warehousing, customs brokerage and shipment consolidation and handling services. These services directly benefit our existing customers and increase our ability to attract new customers, particularly those air freight forwarders that cannot justify providing the services directly. These services are not offered by many transportation providers with whom we compete and are attractive to customers who prefer to use one provider for all of their transportation needs.

- *Expand Pool Distribution Services and Integrate with our Forward Air Services.* In addition to increasing our revenue from traditional pool distribution services, we are working to expand FASI's customer base beyond retail and to integrate our Forward Air and FASI service offerings. Through this process, we are able to offer customers linehaul or truckload services, with handling and sorting at the origin and destination terminal, and final distribution to one or many locations utilizing FASI pool distribution and Forward Air Complete™.

- *Enhance Information Systems.* We are committed to the continued development and enhancement of our information systems in ways that will continue to provide us competitive service advantages and increased productivity. We believe our enhanced systems have and will assist us in capitalizing on new business opportunities with existing customers and developing relationships with new customers.

- *Pursue Strategic Acquisitions.* We continue to evaluate acquisitions that can increase our penetration of a geographic area, add new customers, add new business verticals, increase freight volume and add new service offerings. In addition, we expect to explore acquisitions that may enable us to offer additional services. Since our inception, we have acquired certain assets and liabilities of 12 businesses that met one or more of these criteria. During 2008, we acquired certain assets and liabilities of two companies that met these criteria.

- In March 2008, we acquired certain assets and liabilities of Pinch Holdings, Inc. and its related company AFTCO Enterprises, Inc. and certain of their respective wholly-owned subsidiaries ("Pinch"). Pinch was a privately-held provider of pool distribution, airport-to-airport, truckload, custom, and cartage services primarily to the Southwestern continental United States. This acquisition gave FASI a presence primarily in Texas and strengthened the position of our Forward Air network in the Southwest United States.

- In September 2008, we acquired certain assets and liabilities of Service Express, Inc. ("Service Express"). The acquisition of Service Express, a privately-held provider of pool distribution services, helped us expand FASI's geographic footprint in the Mid-Atlantic and Southeastern continental United States.

Operations

We operate in two reportable segments, based on differences in the services provided: Forward Air and FASI. Through Forward Air, we are a leading provider of time-definite transportation and related logistics services to the North American deferred air freight market. Forward Air's activities can be broadly classified into three categories of services: airport-to-airport, logistics and other.

Through our FASI segment, we provide pool distribution services throughout the Mid-Atlantic, Southeast, Midwest and Southwest continental United States. Pool distribution involves managing high-frequency handling and distribution of time-sensitive product to numerous destinations in specific geographic regions.

Forward Air

Airport-to-airport

We receive freight from air freight forwarders, integrated air cargo carriers and passenger and cargo airlines at our terminals, which are located on or near airports in the United States and Canada. We also pick up freight from customers at designated locations via our Forward Air Complete™ service. We consolidate and transport these shipments by truck through our network to our terminals nearest the ultimate destinations of the shipments. We operate regularly scheduled service to and from each of our terminals through our Columbus, Ohio central sorting facility or through one of our 12 regional hubs. We also operate regularly scheduled shuttle service directly between terminals where the volume of freight warrants bypassing the Columbus, Ohio central sorting facility or a regional hub. When a shipment arrives at our terminal nearest its destination, the customer arranges for the shipment to be picked up and delivered to its final destination, or we, in the alternative, through our Forward Air Complete™ service, deliver the freight for the customer to its final destination.

Terminals

Our airport-to-airport network consists of terminals located in the following 84 cities:

City	Airport Served	City	Airport Served
Albany, NY	ALB	Louisville, KY	SDF
Albuquerque, NM***	ABQ	Memphis, TN	MEM
Allentown, PA*	ABE	McAllen, TX	MFE
Atlanta, GA	ATL	Miami, FL	MIA
Austin, TX	AUS	Milwaukee, WI	MKE
Baltimore, MD	BWI	Minneapolis, MN	MSP
Baton Rouge, LA*	BTR	Mobile, AL*	MOB
Birmingham, AL*	BHM	Moline, IA	MLI
Blountville, TN*	TRI	Montgomery, AL***	MGM
Boston, MA	BOS	Nashville, TN**	BNA
Buffalo, NY	BUF	Newark, NJ	EWR
Burlington, IA	BRL	Newburgh, NY	SWF
Cedar Rapids, IA	CID	New Orleans, LA	MSY
Charleston, SC	CHS	New York, NY	JFK
Charlotte, NC	CLT	Norfolk, VA	ORF
Chicago, IL	ORD	Oklahoma City, OK	OKC
Cincinnati, OH	CVG	Omaha, NE	OMA
Cleveland, OH	CLE	Orlando, FL	MCO
Columbia, SC*	CAE	Pensacola, FL*	PNS
Columbus, OH	CMH	Philadelphia, PA	PHL
Corpus Christi, TX*	CRP	Phoenix, AZ	PHX
Dallas/Ft. Worth, TX**	DFW	Pittsburgh, PA	PIT
Dayton, OH*	DAY	Portland, OR	PDX
Denver, CO**	DEN	Raleigh, NC	RDU
Des Moines, IA**	DSM	Richmond, VA**	RIC
Detroit, MI	DTW	Rochester, NY	ROC
El Paso, TX	ELP	Sacramento, CA	SMF
Greensboro, NC	GSO	Salt Lake City, UT	SLC
Greenville, SC	GSP	San Antonio, TX	SAT
Hartford, CT	BDL	San Diego, CA	SAN
Harrisburg, PA	MDT	San Francisco, CA	SFO
Houston, TX	IAH	Seattle, WA	SEA
Huntsville, AL*	HSV	Shreveport, LA*	SHV
Indianapolis, IN	IND	St. Louis, MO	STL
Jacksonville, FL	JAX	Syracuse, NY	SYR
Kansas City, MO**	MCI	Tampa, FL	TPA
Knoxville, TN*	TYS	Toledo, OH*	TOL
Lafayette, LA*	LFT	Tucson, AZ*	TUS
Laredo, TX	LRD	Tulsa, OK**	TUL
Las Vegas, NV	LAS	Washington, DC	IAD
Little Rock, AR*	LIT	Montreal, Canada*	YUL
Los Angeles, CA	LAX	Toronto, Canada	YYZ

* Denotes an independent agent location.
** Denotes a location with combined Forward Air and FASI operations.
*** Denotes an agent location operated by FASI.

Independent agents and FASI operate 17 and 2 of our Forward Air locations, respectively. These locations typically handle lower volumes of freight relative to our Company-operated facilities.

Direct Service and Regional Hubs

We operate direct terminal-to-terminal services and regional overnight service between terminals where justified by freight volumes. We currently provide regional overnight service to many of the markets within our network. Direct service allows us to provide quicker scheduled service at a lower cost because it allows us to minimize out-of-route miles and eliminate the added time and cost of handling the freight at our central or regional hub sorting facilities. Direct shipments also reduce the likelihood of damage because of reduced handling and sorting of the freight. As we continue to increase volume between various terminals, we intend to add other direct services. Where warranted by sufficient volume in a region, we utilize larger terminals as regional sorting hubs, which allow us to bypass our Columbus, Ohio central sorting facility. These regional hubs improve our operating efficiency and enhance customer service. We operate regional hubs in Atlanta, Charlotte, Chicago, Dallas/Ft. Worth, Denver, Kansas City, Los Angeles, New Orleans, Newark, Newburgh, Orlando, and Sacramento.

Shipments

The average weekly volume of freight moving through our network was approximately 32.6 million pounds per week in 2010. During 2010, our average shipment weighed approximately 717 pounds and shipment sizes ranged from small boxes weighing only a few pounds to large shipments of several thousand pounds. Although we impose no significant size or weight restrictions, we focus our marketing and price structure on shipments of 200 pounds or more. As a result, we typically do not directly compete with integrated air cargo carriers in the overnight delivery of small parcels. The table below summarizes the average weekly volume of freight moving through our network for each year since 1996.

Year	**Average Weekly Volume in Pounds (In millions)**
1996	10.5
1997	12.4
1998	15.4
1999	19.4
2000	24.0
2001	24.3
2002	24.5
2003	25.3
2004	28.7
2005	31.2
2006	32.2
2007	32.8
2008	34.2
2009	28.5
2010	32.6

Logistics and Other Services

Our customers increasingly demand more than the movement of freight from their transportation providers. To meet these demands, we continually seek ways to customize our logistics services and add new services. Logistics and other services increase our profit margins by increasing our revenue without corresponding increases in our fixed costs, as airport-to-airport assets and resources are primarily used to provide the logistics and other services.

Our logistics and other services allow customers to access the following services from a single source:

- expedited full truckload, or TLX;
- dedicated fleets;
- customs brokerage, such as assistance with U.S. Customs and Border Protection (“U.S. Customs”) procedures for both import and export shipments;
- warehousing, dock and office space;
- drayage and intermodal;
- hotshot or ad-hoc ultra expedited services; and
- shipment consolidation and handling, such as shipment build-up and break-down and reconsolidation of air or ocean pallets or containers.

These services are critical to many of our air freight forwarder customers that do not provide logistics services themselves or that prefer to use one provider for all of their surface transportation needs.

Revenue and purchased transportation for our TLX and dedicated fleet services are largely determined by the number of miles driven. The table below summarizes the average miles driven per week to support our logistics services since 2003:

Year	Average Weekly Miles (In thousands)
2003	211
2004	259
2005	248
2006	331
2007	529
2008	676
2009	672
2010	788

Forward Air Solutions (FASI)

Pool Distribution

Through our FASI segment we provide pool distribution services through a network of terminals and service locations in 19 cities throughout the Mid-Atlantic, Southeast, Midwest and Southwest continental United States. Pool distribution involves managing high-frequency handling and distribution of time-sensitive product to numerous destinations in specific geographic regions. Our primary customers for this product are regional and nationwide distributors and retailers, such as mall, strip mall and outlet-based retail chains. However, in order to reduce the seasonal volatility of FASI's revenue, we are focused on diversifying the FASI customer base to include customers from industries such as hospitality, healthcare and publishing.

Our pool distribution network consists of terminals and service locations in the following 19 cities:

City	
Albuquerque, NM***	Kansas City, MO**
Atlanta, GA	Lakeland, FL
Baltimore, MD	Las Vegas, NV
Charlotte, NC	Miami, FL
Dallas/Ft. Worth, TX**	Montgomery, AL***
Denver, CO**	Nashville, TN**
Des Moines, IA**	Richmond, VA**
Greensboro, NC	San Antonio, TX
Houston, TX	Tulsa, OK**
Jacksonville, FL	

** Denotes a location with combined Forward Air and FASI operations.
*** Denotes a location that provides agent station services to Forward Air.

Customers and Marketing

Our Forward Air wholesale customer base is primarily comprised of air freight forwarders, integrated air cargo carriers and passenger and cargo airlines. Our air freight forwarder customers vary in size from small, independent, single facility companies to large, international logistics companies such as SEKO Worldwide, AIT Worldwide Logistics, Expeditors International of Washington, Associated Global, UPS Supply Chain Solutions and Pilot Air Freight. Because we deliver dependable service, integrated air cargo carriers such as UPS Cargo and DHL Worldwide Express use our network to provide overflow capacity and other services, including shipment of bigger packages and pallet-loaded cargo. Our passenger and cargo airline customers include British Airways, United Airlines and Delta.

Our FASI pool distribution customers are primarily comprised of national and regional retailers and distributors, such as The Limited, The Marmaxx Group, The GAP, and Aeropostale. We also conduct business with other pool distribution providers.

We market all our services through a sales and marketing staff located in major markets of the United States. Senior management also is actively involved in sales and marketing at the national account level and supports local sales initiatives. We also participate in air cargo and retail trade shows and advertise our services through direct mail programs and through the Internet via www.forwardair.com. The information contained on our website is not part of this filing and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this report.

Technology and Information Systems

Our technology allows us to provide Forward Air customers with real-time tracking and tracing of shipments throughout the transportation process, complete shipment history, proof of delivery, estimated charges and electronic bill presentment. In addition, our Forward Air customers are able to electronically transmit bookings to us from their own networks and schedule transportation and obtain tracking and tracing information. We continue to develop and enhance our systems to permit our customers to obtain this information both through the Internet and through electronic data interchange.

We continue to enhance our Forward Air TAP application and website service offerings in our continuing effort to automate and improve our operations. Our Forward Air Complete™ website coordinates activities between our customers, operations personnel and external service providers. We believe that the TAP system, Forward Air Complete™ website and other technical enhancements will assist us in capitalizing on new business opportunities and could encourage customers to increase the volume of freight they send through our network.

During 2010, we continue to make significant investments in technology for FASI. We continued our development of a FASI driven enhancement to our existing Forward Air applications. This system enhancement, called FASTRACS, is designed specifically to meet the retail distribution business demands, and makes use of the most modern wireless technologies available. FASTRACS was implemented in 2010 for a select group of customers and is being designed so as to be the primary technology platform for all future customers.

Purchased Transportation

We contract for most of our Forward Air transportation services on a per mile basis from owner-operators. FASI also utilizes owner-operators for certain of its transportation services, but relies more on Company-employed drivers. The owner-operators own, operate and maintain their own tractors and employ their own drivers. Our Forward Air freight handlers load and unload our trailers for hauling by owner-operators between our terminals.

We seek to establish long-term relationships with owner-operators to assure dependable service and availability. Historically, we have experienced significantly higher than industry average retention of owner-operators. We have established specific guidelines relating to safety records, driving experience and personal evaluations that we use to select our owner-operators. To enhance our relationship with the owner-operators, our per mile rates are generally above prevailing market rates. In addition, we typically offer our owner-operators and their drivers a consistent work schedule. Usually, schedules are between the same two cities, improving quality of work life for the owner-operators and their drivers and, in turn, increasing driver retention.

As a result of efforts to expand our logistics and other services, seasonal demands and volume surges in particular markets, we also purchase transportation from other surface transportation providers to handle overflow volume. Of the $201.4 million incurred for purchased transportation during 2010, we purchased 63.9% from owner-operators and 36.1% from other surface transportation providers.

Competition

The air freight and pool distribution segments of the transportation industry are highly competitive and very fragmented. Our Forward Air and FASI competitors primarily include national and regional truckload and less-than-truckload carriers. To a lesser extent, Forward Air also competes with integrated air cargo carriers and passenger and cargo airlines.

We believe competition is based primarily on service, on-time delivery, flexibility and reliability, as well as rates. We offer our Forward Air services at rates that generally are significantly below the charge to transport the same shipment to the same destination by air. We believe Forward Air has an advantage over less-than-truckload carriers because Forward Air delivers faster, more reliable service between many cities. We believe FASI has an advantage over its competitors due to its presence in several regions across the continental United States allowing us to provide consistent, high-quality service to our customers regardless of location.

Seasonality

Historically, our operating results have been subject to seasonal trends when measured on a quarterly basis. The first quarter has traditionally been the weakest and the third and fourth quarters have traditionally been the strongest. Typically, this pattern has been the result of factors such as economic conditions, customer demand, weather and national holidays. Additionally, a significant portion of our revenue is derived from customers whose business levels are impacted by the economy. The impact of seasonal trends is more pronounced on our pool distribution business. The pool distribution business is seasonal and operating revenues and results tend to be higher in the third and fourth quarters than in the first and second quarters.

Employees

As of December 31, 2010, we had 1,627 full-time employees, 576 of whom were freight handlers. Also, as of that date, we had an additional 1,090 part-time employees, of whom the majority was freight handlers. None of our employees are covered by a collective bargaining agreement. We recogize that our workforce, including our freight handlers, is one of our most valuable assets. The recruitment, training and retention of qualified employees is essential to support our continued growth and to meet the service requirements of our customers.

Risk Management and Litigation

Under U.S. Department of Transportation ("DOT") regulations, we are liable for property damage and personal injuries caused by owner-operators and Company-employed drivers while they are operating on our behalf. We currently maintain liability insurance coverage that we believe is adequate to cover third-party claims. We have a self-insured retention of $0.5 million per occurrence for vehicle and general liability claims. We may also be subject to claims for workers' compensation. We maintain workers' compensation insurance coverage that we believe is adequate to cover such claims. We have a self-insured retention of approximately $0.3 million for each such claim, except in Ohio, where we are a qualified self-insured entity with an approximately $0.4 million self-insured retention. We could incur claims in excess of our policy limits or incur claims not covered by our insurance.

From time to time, we are a party to litigation arising in the normal course of our business, most of which involve claims for personal injury, property damage related to the transportation and handling of freight, or workers' compensation. We do not believe that any of these pending actions, individually or in the aggregate, will have a material adverse effect on our business, financial condition or results of operations.

Regulation

The DOT and various state and federal agencies have been granted broad powers over our business. These entities generally regulate such activities as authorization to engage in property brokerage and motor carrier operations, safety and financial reporting. We are licensed through our subsidiaries by the DOT as a motor carrier and as a property broker to arrange for the transportation of freight by truck. Our domestic customs brokerage operations are licensed by U.S. Customs. We are subject to similar regulation in Canada.

Service Marks

Through one of our subsidiaries, we hold federal trademark registrations or applications for federal trademark registration, associated with the following service marks: Forward Air, Inc. ®, North America's Most Complete Roadfeeder Network ®, Forward Air ™, Forward Air Solutions ®, Forward Air TLX™, and Forward Air Complete ™. These marks are of significant value to our business.

Website Access

We file reports with the Securities and Exchange Commission (the "SEC"), including annual reports on Form 10-K, quarterly reports on Form 10-Q and other reports from time to time. We are an electronic filer and the SEC maintains an Internet site at www.sec.gov that contains these reports and other information filed electronically. We make available free of charge through our website our Code of Business Conduct and Ethics and our reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Our website address is www.forwardair.com. Please note that this website address is provided as an inactive textual reference only. The information provided on the website is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this report.

Item 1A. Risk Factors

In addition to the other information in this Form 10-K and other documents we have filed with the SEC from time to time, the following factors should be carefully considered in evaluating our business. Such factors could affect results and cause results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to our business.

Severe economic downturns like the recession experienced in 2008 and 2009 can result in weaker demand for ground transportation services, which may have a significant negative impact on our results of operations.

During 2008 and 2009, we experienced significantly weaker demand for our airport-to-airport and pool distribution services as a result of the severe downturn in the economy. We began to experience weakening demand late in 2008, and this weakness continued throughout most of 2009. During the time in question, we adjusted the size of our owner-operator fleet and reduced employee headcount to compensate for the drop in demand. If the economic downturn persisted or worsened, demand for our services may have continued to weaken. No assurance can be given that reductions in owner-operators and employees or other steps we may take during similar times in the future will be adequate to offset the effects of reduced demand.

Our business is subject to general economic and business factors that are largely out of our control, any of which could have a material adverse effect on our results of operations.

Our business is dependent upon a number of factors that may have a material adverse effect on the results of our operations, many of which are beyond our control. These factors include increases or rapid fluctuations in fuel prices, capacity in the trucking industry, insurance premiums, self-insured retention levels and difficulty in attracting and retaining qualified owner-operators and freight handlers. Our profitability would decline if we were unable to anticipate and react to increases in our operating costs, including purchased transportation and labor, or decreases in the amount of revenue per pound of freight shipped through our system. As a result of competitive factors, we may be unable to raise our prices to meet increases in our operating costs, which could result in a material adverse effect on our business, results of operations and financial condition.

Economic conditions may adversely affect our customers and the amount of freight available for transport. This may require us to lower our rates, and this may also result in lower volumes of freight flowing through our network. Customers encountering adverse economic conditions represent a greater potential for loss, and we may be required to increase our reserve for bad-debt losses.

Our results of operations may be affected by seasonal factors. Volumes of freight tend to be lower in the first quarter after the winter holiday season. In addition, it is not possible to predict the short or long-term effects of any geopolitical events on the economy or on customer confidence in the United States, or their impact, if any, on our future results of operations.

In order to grow our business, we will need to increase the volume and revenue per pound of the freight shipped through our networks.

Our growth depends in significant part on our ability to increase the amount and revenue per pound of freight shipped through our networks. The amount of freight shipped through our networks and our revenue per pound depend on numerous factors, many of which are beyond our control, such as economic conditions and our competitors' pricing. Therefore, we cannot guarantee that the amount of freight shipped or the revenue per pound we realize on that freight will increase or even remain at current levels. If we fail to increase the volume of the freight shipped through our networks or the revenue per pound of the freight shipped, we may be unable to maintain or increase our profitability.

Our rates, overall revenue and expenses are subject to volatility.

Our rates are subject to change based on competitive pricing and market factors. Our overall transportation rates consist of base transportation and fuel surcharge rates. Our base transportation rates exclude fuel surcharges and are set based on numerous factors such as length of haul, freight class and weight per shipment. The base rates are subject to change based on competitive pricing pressures and market factors. Most of our competitors impose fuel surcharges, but there is no industry standard for the calculation of fuel surcharge rates. Our fuel surcharge rates are set weekly based on the national average for fuel prices as published by the U.S. Department of Energy ("DOE") and our fuel surcharge table. Historically, we have not adjusted our method for determining fuel surcharge rates.

Our net fuel surcharge revenue is the result of our fuel surcharge rates and the tonnage transiting our networks. The fuel surcharge revenue is then netted with the fuel surcharge we pay to our owner-operators and third party transportation providers. Fluctuations in tonnage levels, related load factors, and fuel prices may subject us to volatility in our net fuel surcharge revenue. This potential volatility in net fuel surcharge revenue may adversely impact our overall revenue, base transportation revenue plus net fuel surcharge revenue, and results of operations.

Because a portion of our network costs are fixed, we will be adversely affected by any decrease in the volume or revenue per pound of freight shipped through our networks.

Our operations, particularly our networks of hubs and terminals, represent substantial fixed costs. As a result, any decline in the volume or revenue per pound of freight we handle may have an adverse effect on our operating margin and our results of operations. Typically, Forward Air does not have contracts with our customers and we cannot guarantee that our current customers will continue to utilize our services or that they will continue at the same levels. FASI does have contracts with its customers but these contracts typically have terms allowing cancellation within 30 to 60 days. The actual shippers of the freight moved through our networks include various manufacturers, distributors and/or retailers of electronics, clothing, telecommunications equipment, machine parts, trade show exhibit materials and medical equipment. Adverse business conditions affecting these shippers or adverse general economic conditions are likely to cause a decline in the volume of freight shipped through our networks.

We operate in highly competitive and fragmented segments of our industry, and our business will suffer if we are unable to adequately address downward pricing pressures and other factors that may adversely affect our operations and profitability.

The segments of the freight transportation industry we participate in, are highly competitive, very fragmented and historically have few barriers to entry. Our principal competitors include national and regional truckload and less-than-truckload carriers. To a lesser extent, our Forward Air segment also competes with integrated air cargo carriers and passenger airlines. Our competition ranges from small operators that compete within a limited geographic area to companies with substantially greater financial and other resources, including greater freight capacity. We also face competition from air freight forwarders who decide to establish their own networks to transport deferred air freight. We believe competition is based on service, primarily on-time delivery, flexibility and reliability, as well as rates. Many of our competitors periodically reduce their rates to gain business, especially during times of economic decline. In the past several years, several of our competitors have reduced their rates to unusually low levels that we believe are unsustainable in the long-term, but that may materially adversely affect our business in the short-term. These competitors may cause a decrease in our volume of freight, require us to lower the prices we charge for our services and adversely affect both our growth prospects and profitability.

Claims for property damage, personal injuries or workers' compensation and related expenses could significantly reduce our earnings.

Under DOT regulations, we are liable for property damage and personal injuries caused by owner-operators and Company-employed drivers while they are operating on our behalf. We currently maintain liability insurance coverage that we believe is adequate to cover third-party claims. We have a self-insured retention of \$0.5 million per occurrence for vehicle and general liability claims. We may also be subject to claims for workers' compensation. We maintain workers' compensation insurance coverage that we believe is adequate to cover such claims. We have a self-insured retention of approximately \$0.3 million for each such claim, except in Ohio, where we are a qualified self-insured entity with an approximately \$0.4 million self-insured retention. We could incur claims in excess of our policy limits or incur claims not covered by our insurance. Any claims beyond the limits or scope of our insurance coverage may have a material adverse effect on us. Because we do not carry "stop loss" insurance, a significant increase in the number of claims that we must cover under our self-insurance retainage could adversely affect our profitability. In addition, we may be unable to maintain insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against losses.

We have grown and may grow, in part, through acquisitions, which involve various risks, and we may not be able to identify or acquire companies consistent with our growth strategy or successfully integrate acquired businesses into our operations.

We have grown through acquisitions and we intend to pursue opportunities to expand our business by acquiring other companies in the future. Acquisitions involve risks, including those relating to:

· identification of appropriate acquisition candidates;

· negotiation of acquisitions on favorable terms and valuations;

· integration of acquired businesses and personnel;

· implementation of proper business and accounting controls;

· ability to obtain financing, on favorable terms or at all;

· diversion of management attention;

· retention of employees and customers;

· unexpected liabilities;

- potential erosion of operating profits as new acquisitions may be unable to achieve profitability comparable with our core airport-to-airport business, and

- detrimental issues not discovered during due diligence.

Acquisitions also may affect our short-term cash flow and net income as we expend funds, potentially increase indebtedness and incur additional expenses. If we are not able to identify or acquire companies consistent with our growth strategy, or if we fail to successfully integrate any acquired companies into our operations, we may not achieve anticipated increases in revenue, cost savings and economies of scale, our operating results may actually decline and acquired goodwill may become impaired.

We could be required to record a material non-cash charge to income if our recorded intangible assets or goodwill are determined to be impaired.

We have $31.3 million of recorded net definite-lived intangible assets on our consolidated balance sheet at December 31, 2010. Our definite-lived intangible assets primarily represent the value of customer relationships and non-compete agreements that were recorded in conjunction with our various acquisitions. We review our long-lived assets, such as our definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized on these assets when the sum of undiscounted estimated cash flows expected to result from the use of the asset is less than the carrying value. If such measurement indicates an impairment, we would be required to record a non-cash impairment charge to our statement of income in the amount that the carrying value of these assets exceed the estimated fair value of the assets.

We also have recorded goodwill of $43.3 million on our consolidated balance sheet at December 31, 2010. Goodwill is assessed for impairment annually (or more frequently if circumstances indicate possible impairment) for each of our reportable segments. This assessment includes comparing the fair value of each reportable segment to the carrying value of the assets assigned to each reportable segment. If the carrying value of the reportable segment was to exceed our estimated fair value of the reportable segment, we would then be required to estimate the fair value of the individual assets and liabilities within the reportable segment to ascertain the amount of fair value of goodwill and any potential impairment. If we determine that our fair value of goodwill is less than the related book value, we could be required to record a non-cash impairment charge to our statement of income, which could have a material adverse effect on our earnings. During 2009, we determined there were indicators of potential impairment of the goodwill assigned to the FASI segment. This determination was based on the continuing economic recession, declines in current market valuations and FASI operating losses in excess of expectations. As a result, we performed an interim impairment test in accordance with our accounting policy discussed above as of March 31, 2009. Based on the results of the interim impairment test, we concluded that an impairment loss was probable and could be reasonably estimated. Consequently, we recorded a non-cash goodwill impairment charge of $7.0 million related to the FASI segment during 2009.

The estimation of fair value related to the impairment test for goodwill is particularly sensitive to projected financial information used in the calculations. Earnings estimated to be generated by our Forward Air segment are expected to continue supporting the carrying value of its goodwill. Our FASI segment is currently facing the challenges of building and expanding a business during difficult economic times. If these overall economic conditions continue for an extended period of time, future estimates of projected financial information may be reduced, and we may be required to record an additional impairment charge against the carrying value of FASI’s goodwill.

We may have difficulty effectively managing our growth, which could adversely affect our results of operations.

Our growth plans will place significant demands on our management and operating personnel. Our ability to manage our future growth effectively will require us to regularly enhance our operating and management information systems and to continue to attract, retain, train, motivate and manage key employees. If we are unable to manage our growth effectively, our business, results of operations and financial condition may be adversely affected.

If we fail to maintain and enhance our information technology systems, we may lose orders and customers or incur costs beyond expectations.

We must maintain and enhance our information technology systems to remain competitive and effectively handle higher volumes of freight through our network. We expect customers to continue to demand more sophisticated, fully integrated information systems from their transportation providers. If we are unable to maintain and enhance our information systems to handle our freight volumes and meet the demands of our customers, our business and results of operations will be adversely affected. If our information systems are unable to handle higher freight volumes and increased logistics services, our service levels and operating efficiency may decline. This may lead to a loss of customers and a decline in the volume of freight we receive from customers.

Our information technology systems are subject to risks that we cannot control.

Our information technology systems are dependent upon global communications providers, web browsers, telephone systems and other aspects of the Internet infrastructure that have experienced significant system failures and electrical outages in the past. While we take measures to ensure our major systems have redundant capabilities, our systems are susceptible to outages from fire, floods, power loss, telecommunications failures, break-ins and similar events. Despite our implementation of network security measures, our servers are vulnerable to computer viruses, break-ins and similar disruptions from unauthorized tampering with our computer systems. The occurrence of any of these events could disrupt or damage our information technology systems and hamper our internal operations, our ability to provide services to our customers and the ability of our customers to access our information technology systems. This may result in the loss of customers or a reduction in demand for our services.

If we have difficulty attracting and retaining owner-operators or freight handlers, our results of operations could be adversely affected.

We depend on owner-operators for most of our transportation needs. In 2010, owner-operators provided 63.9% of our purchased transportation. Competition for owner-operators is intense, and sometimes there are shortages of available owner-operators. In addition, we need a large number of freight handlers to operate our business efficiently. During periods of low unemployment in the areas where our terminals are located, we may have difficulty hiring and retaining a sufficient number of freight handlers. If we have difficulty attracting and retaining enough qualified owner-operators or freight handlers, we may be forced to increase wages and benefits, which would increase our operating costs. This difficulty may also impede our ability to maintain our delivery schedules, which could make our service less competitive and force us to curtail our planned growth. If our labor costs increase, we may be unable to offset the increased labor costs by increasing rates without adversely affecting our business. As a result, our profitability may be reduced.

A determination by regulators that our independent owner-operators are employees rather than independent contractors could expose us to various liabilities and additional costs.

At times, the Internal Revenue Service, the Department of Labor and state authorities have asserted that owner-operators are "employees," rather than "independent contractors." One or more governmental authorities may challenge our position that the owner-operators we use are not our employees. A determination by regulators that our independent owner-operators are employees rather than independent contractors could expose us to various liabilities and additional costs including, but not limited to, employment-related expenses such as workers' compensation insurance coverage and reimbursement of work-related expenses.

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

The DOT and various state and federal agencies have been granted broad regulatory powers over our business, and we are licensed by the DOT and U.S. Customs. If we fail to comply with any applicable regulations, our licenses may be revoked or we could be subject to substantial fines or penalties and to civil and criminal liability.

The transportation industry is subject to legislative and regulatory changes that can affect the economics of our business by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services. Heightened security concerns may continue to result in increased regulations, including the implementation of various security measures, checkpoints or travel restrictions on trucks.

In addition, there may be changes in applicable federal or state tax or other laws or interpretations of those laws. If this happens, we may incur additional taxes, as well as higher workers' compensation and employee benefit costs, and possibly penalties and interest for prior periods. This could have an adverse effect on our results of operations.

We are subject to various environmental laws and regulations, and costs of compliance with, or liabilities for violations of, existing or future laws and regulations could significantly increase our costs of doing business.

Our operations are subject to environmental laws and regulations dealing with, among other things, the handling of hazardous materials and discharge and retention of stormwater. We operate in industrial areas, where truck terminals and other industrial activities are located, and where groundwater or other forms of environmental contamination may have occurred. Our operations involve the risks of fuel spillage, environmental damage, and hazardous waste disposal, among others. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of applicable environmental laws or regulations, it could significantly increase our cost of doing business. Under specific environmental laws and regulations, we could be held responsible for all of the costs relating to any contamination at our past or present terminals and at third-party waste disposal sites. If we fail to comply with applicable environmental laws and regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

In addition, as global warming issues become more prevalent, federal and local governments and our customers are beginning to respond to these issues. This increased focus on sustainability may result in new regulations and customer requirements that could negatively affect us. This could cause us to incur additional direct costs or to make changes to our operations in order to comply with any new regulations and customer requirements, as well as increased indirect costs or loss of revenue resulting from, among other things, our customers incurring additional compliance costs that affect our costs and revenues. We could also lose revenue if our customers divert business from us because we haven't complied with their sustainability requirements. These costs, changes and loss of revenue could have a material adverse affect on our business, financial condition and results of operations.

We are dependent on our senior management team, and the loss of any such personnel could materially and adversely affect our business.

Our future performance depends, in significant part, upon the continued service of our senior management team. We cannot be certain that we can retain these employees. The loss of the services of one or more of these or other key personnel could have a material adverse effect on our business, operating results and financial condition. We must continue to develop and retain a core group of management personnel and address issues of succession planning if we are to realize our goal of growing our business. We cannot be certain that we will be able to do so.

If our employees were to unionize, our operating costs would likely increase.

None of our employees are currently represented by a collective bargaining agreement. However, we have no assurance that our employees will not unionize in the future, which could increase our operating costs and force us to alter our operating methods. This could have a material adverse effect on our operating results.

Our charter and bylaws and provisions of Tennessee law could discourage or prevent a takeover that may be considered favorable.

Our charter and bylaws and provisions of Tennessee law may discourage, delay or prevent a merger, acquisition or change in control that may be considered favorable. These provisions could also discourage proxy contests and make it more difficult for shareholders to elect directors and take other corporate actions. Among other things, these provisions:

· authorize us to issue preferred stock, the terms of which may be determined at the sole discretion of our Board of Directors and may adversely affect the voting or economic rights of our shareholders; and

· establish advance notice requirements for nominations for election to the Board of Directors and for proposing matters that can be acted on by shareholders at a meeting.

Our charter and bylaws and provisions of Tennessee law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for our Common Stock, $0.01 par value per share, and also could limit the price that investors are willing to pay in the future for shares of our Common Stock.

Item 1B. Unresolved Staff Comments

None**.**

Item 2. Properties

Properties and Equipment

Management believes that we have adequate facilities for conducting our business, including properties owned and leased. Management further believes that in the event replacement property is needed, it will be available on terms and at costs substantially similar to the terms and costs experienced by competitors within the transportation industry.

We lease our 37,500 square foot headquarters in Greeneville, Tennessee from the Greeneville-Greene County Airport Authority. The initial lease term ended in 2006 and has two ten-year and one five-year renewal options. During 2007, we renewed the lease through 2016.

We own our Columbus, Ohio central sorting facility. The expanded Columbus, Ohio facility is 125,000 square feet with 168 trailer doors. This premier facility can unload, sort and load upwards of 3.7 million pounds in five hours. In addition to the expansion, we process-engineered the freight sorting in the expanded building to improve handling efficiencies. The benefits include reductions in the distance each shipment moves in the building to speed up the transfer process, less handling of freight to further improve service integrity and flexibility to operate multiple sorts at the same time.

In June 2009, we completed the construction of a facility near Dallas/Fort Worth, Texas . The facility has over 216,000 square feet with 134 trailer doors and approximately 28,000 square feet of office space. We also own facilities near Chicago, Illinois and Atlanta, Georgia. The Atlanta, Georgia facility is over 142,000 square feet with 118 trailer doors and approximately 12,000 square feet of office space. The Chicago, Illinois facility is over 125,000 square feet with 110 trailer doors and over 10,000 square feet of office space.

We lease and maintain 72 additional terminals, including our pool distribution terminals, located in major cities throughout the United States and Canada. Lease terms for these terminals are typically for three to five years. The remaining 17 terminals are agent stations operated by independent agents who handle freight for us on a commission basis.

We own the majority of trailers we use to move freight through our networks. Substantially all of our trailers are 53' long, some of which have specialized roller bed equipment required to serve air cargo industry customers. At December 31, 2010, we had 2,321 owned trailers in our fleet with an average age of approximately 5.1 years. In addition, as a result of our last acquisitions, at December 31, 2010, we also had 54 leased trailers in our fleet.

Through acquisitions, we have also increased the size of our tractor and straight truck fleets. At December 31, 2010, we had 367 owned tractors and straight trucks in our fleet, with an average age of approximately 4.2 years. In addition, at December 31, 2010, we also had 89 leased tractors and straight trucks in our fleet.

Item 3. Legal Proceedings

From time to time, we are a party to ordinary, routine litigation incidental to and arising in the normal course of our business, most of which involve claims for personal injury, property damage related to the transportation and handling of freight, or workers' compensation. We do not believe that any of these pending actions, individually or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or cash flow.

Item 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter of the fiscal year ended December 31, 2010, no matters were submitted to a vote of security holders through the solicitation of proxies or otherwise.

Executive Officers of the Registrant

Pursuant to Instruction 3 to Item 401(b) of Regulation S-K of the Securities Act and General Instruction G(3) to Form 10-K, the following information is included in Part I of this report. The ages listed below are as of December 31, 2010.

The following are our executive officers:

Name	Age	Position
Bruce A. Campbell	59	President and Chief Executive Officer
Rodney L. Bell	48	Chief Financial Officer, Senior Vice President and Treasurer
Craig A. Drum	55	Senior Vice President, Sales
Matthew J. Jewell	44	Executive Vice President, Chief Legal Officer and Secretary
Chris C. Ruble	48	Executive Vice President, Operations

There are no family relationships between any of our executive officers. All officers hold office at the pleasure of the Board of Directors.

Bruce A. Campbell has served as a director since April 1993, as President since August 1998, as Chief Executive Officer since October 2003 and as Chairman of the Board since May 2007. Mr. Campbell was Chief Operating Officer from April 1990 until October 2003 and Executive Vice President from April 1990 until August 1998. Prior to joining us, Mr. Campbell served as Vice President of Ryder-Temperature Controlled Carriage in Nashville, Tennessee from September 1985 until December 1989. Mr. Campbell also serves as a director of Greene County Bancshares.

Rodney L. Bell began serving as Chief Financial Officer, Senior Vice President and Treasurer in June 2006. Mr. Bell, who is a Certified Public Accountant (inactive), was appointed Chief Accounting Officer in February 2006 and continued to serve as Vice President and Controller, positions held since October 2000 and February 1995, respectively. Mr. Bell joined the Company in March 1992 as Assistant Controller after serving as a senior manager with the accounting firm of Adams and Plucker in Greeneville, Tennessee.

Craig A. Drum has served as Senior Vice President, Sales since July 2001 after joining us in January 2000 as Vice President, Sales for one of our subsidiaries. In February 2001, Mr. Drum was promoted to Vice President of National Accounts. Prior to January 2000, Mr. Drum spent most of his 24-year career in air freight with Delta Air Lines, Inc., most recently as the Director of Sales and Marketing - Cargo.

Matthew J. Jewell has served as Executive Vice President and Chief Legal Officer since January 2008. From July 2002 until January 2008, he served as Senior Vice President and General Counsel. In October 2002, he was also appointed Secretary. From July 2002 until May 2004, Mr. Jewell was also the Senior Vice President, General Counsel and Secretary of Landair Corporation. From January 2000 until joining us in July 2002, Mr. Jewell was a partner with the law firm of Austin & Sparks, P.C. Mr. Jewell was an associate at Dennis, Corry & Porter, L.L.P. from July 1991 to December 1998 and a partner from January 1999 to January 2000.

Chris C. Ruble has served as Executive Vice President, Operations since August 2007. From October 2001 until August 2007, he served as Senior Vice President, Operations. He was a Regional Vice President from September 1997 to October 2001 and a regional manager from February 1997 to September 1997, after starting with us as a terminal manager in January 1996. From June 1986 to August 1995, Mr. Ruble served in various management capacities at Roadway Package System, Inc.

Part II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our Common Stock trades on The NASDAQ Global Select Stock Market™ under the symbol "FWRD." The following table sets forth the high and low sales prices for Common Stock as reported by The NASDAQ Global Select Stock Market™ for each full quarterly period within the two most recent fiscal years.

2010	High	Low	Dividends
First Quarter	$ 27.37	$ 21.92	$ 0.07
Second Quarter	30.30	25.29	0.07
Third Quarter	29.91	22.39	0.07
Fourth Quarter	30.16	24.63	0.07

2009	High	Low	Dividends
First Quarter	$ 24.66	$ 13.80	$ 0.07
Second Quarter	24.60	13.48	0.07
Third Quarter	25.39	19.73	0.07
Fourth Quarter	26.29	20.32	0.07

There were approximately 386 shareholders of record of our Common Stock as of January 14, 2011.

Subsequent to December 31, 2010, our Board of Directors declared a cash dividend of $0.07 per share that will be paid on March 28, 2011 to shareholders of record at the close of business on March 13, 2011. We expect to continue to pay regular quarterly cash dividends, though each subsequent quarterly dividend is subject to review and approval by the Board of Directors.

There are no material restrictions on our ability to declare dividends.

None of our securities were sold during fiscal year 2010 without registration under the Securities Act.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of December 31, 2010 with respect to shares of our Common Stock that may be issued under existing equity compensation plans, the 1999 Stock Option and Incentive Plan (the "1999 Plan"), the Amended and Restated Stock Option and Incentive Plan ("1999 Amended Plan"), the Non-Employee Director Stock Option Plan (the "NED Plan"), the 2000 Non-Employee Director Award (the "2000 NED Award"), the 2005 Employee Stock Purchase Plan (the "ESPP") and the Amended and Restated Non-Employee Director Stock Plan (the "Amended Plan"). Our shareholders have approved each of these plans.

Equity Compensation Plan Information

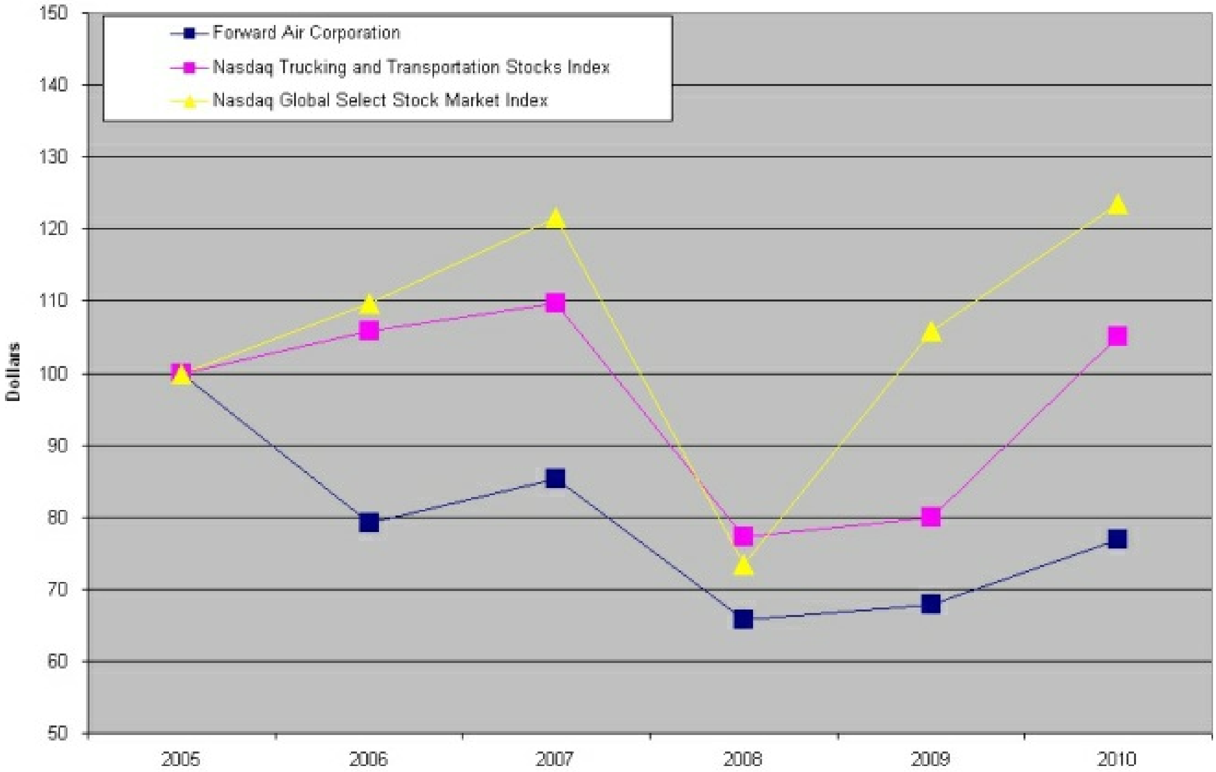
Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
		(a)	(b)
Equity Compensation Plans Approved by Shareholders	3,784,123	$ 26	2,759,609
Equity Compensation Plans Not Approved by Shareholders	--	--	--
Total	3,784,123	$ 26	2,759,609

(a) Excludes purchase rights accruing under the ESPP, which has an original shareholder-approved reserve of 500,000 shares. Under the ESPP, each eligible employee may purchase up to 2,000 shares of Common Stock at semi-annual intervals each year at a purchase price per share equal to 90.0% of the lower of the fair market value of the Common Stock at close of (i) the first trading day of an option period or (ii) the last trading day of an option period.

(b) Includes shares available for future issuance under the ESPP. As of December 31, 2010, an aggregate of 439,090 shares of Common Stock were available for issuance under the ESPP.

Stock Performance Graph

The following graph compares the percentage change in the cumulative shareholder return on our Common Stock with The NASDAQ Trucking and Transportation Stocks Index and The NASDAQ Global Select Stock Market™ Index commencing on the last trading day of December 2005 and ending on the last trading day of December 2010. The graph assumes a base investment of $100 made on December 31, 2005 and the respective returns assume reinvestment of all dividends. The comparisons in this graph are required by the SEC and, therefore, are not intended to forecast or necessarily be indicative of any future return on our Common Stock.



	2005	2006	2007	2008	2009	2010
Forward Air Corporation	100	79	85	66	68	77
Nasdaq Trucking and Transportation Stocks Index	100	106	110	77	80	105
Nasdaq Global Select Stock Market Index	100	110	122	73	106	124

Issuer Purchases of Equity Securities

No shares of our Common Stock were repurchased by the Company during the quarter ended December 31, 2010.

Item 6. Selected Financial Data

The following table sets forth our selected financial data. The selected financial data should be read in conjunction with our consolidated financial statements and notes thereto, included elsewhere in this report.

	Year ended				
	December 31, 2010	**December 31, 2009**	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
	(In thousands, except per share data)				
Income Statement Data:					
Operating revenue	$ 483,939	$ 417,410	$ 474,436	$ 392,737	$ 352,758
Income from operations	53,739	18,550	70,285	71,048	75,396
Operating margin (1)	11.1%	4.4%	14.8%	18.1%	21.4%
Net income	32,036	9,802	42,542	44,925	48,923
Net income per share:					
Basic	$ 1.11	$ 0.34	$ 1.48	$ 1.52	$ 1.57
Diluted	$ 1.10	$ 0.34	$ 1.47	$ 1.50	$ 1.55
Cash dividends declared per common share	$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28
Balance Sheet Data (at end of period):					
Total assets	$ 348,796	$ 316,730	$ 307,527	$ 241,884	$ 213,014
Long-term obligations, net of current portion	50,883	52,169	53,035	31,486	796
Shareholders' equity	256,086	224,507	216,434	171,733	185,227

(1) Income from operations as a percentage of operating revenue

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview and Executive Summary

Our operations can be broadly classified into two principal segments: Forward Air and FASI.

Through our Forward Air segment, we are a leading provider of time-definite surface transportation and related logistics services to the North American deferred air freight market. We offer our customers local pick-up and delivery (Forward Air Complete™) and scheduled surface transportation of cargo as a cost-effective, reliable alternative to air transportation. We transport cargo that must be delivered at a specific time, but is less time-sensitive than traditional air freight. This type of cargo is frequently referred to in the transportation industry as deferred air freight. We operate our Forward Air segment through a network of terminals located on or near airports in 84 cities in the United States and Canada, including a central sorting facility in Columbus, Ohio and 12 regional hubs serving key markets. We also offer our customers an array of logistics and other services including: TLX; dedicated fleets; warehousing; customs brokerage; and shipment consolidation, deconsolidation and handling.

FASI provides pool distribution services throughout the Mid-Atlantic, Southeast, Midwest and Southwest continental United States. Pool distribution involves managing high-frequency handling and distribution of time-sensitive product to numerous destinations in specific geographic regions. Our primary customers for this product are regional and nationwide distributors and retailers, such as mall, strip mall and outlet-based retail chains. We service these customers through a network of terminals and service centers located in 19 cities.

Our operations, particularly our network of hubs and terminals, represent substantial fixed costs. Consequently, our ability to increase our earnings depends in significant part on our ability to increase the amount of freight and the revenue per pound or carton for the freight shipped through our networks and to grow other lines of businesses, such as TLX, which will allow us to maintain revenue growth in challenging shipping environments.

Trends and Developments

Acquisitions

On September 8, 2008, we acquired certain assets and liabilities of Service Express. Service Express was a privately-held provider of pool distribution services primarily in the Mid-Atlantic and Southeastern continental United States. Service Express generated approximately $39.0 million in revenue during the year ended December 31, 2007. The acquisition of Service Express' pool distribution services added to the geographic footprint of the FASI segment in the Mid-Atlantic and Southeastern United States.

On March 17, 2008, we acquired certain assets and liabilities of Pinch. Pinch was a privately-held provider of pool distribution, airport-to-airport, truckload, customs, and cartage services primarily to the Southwestern continental United States. Pinch generated approximately $35.0 million in revenue during the year ended December 31, 2007. The acquisition of Pinch's pool distribution services expanded the geographic footprint of the FASI segment in the Southwestern United States. In addition, it provided additional tonnage density to the Forward Air airport-to-airport network, and the acquisition of Pinch's cartage and truckload business provided an opportunity for Forward Air to expand its service options in the Southwestern United States.

Results from Operations

During the year ended December 31, 2010, driven by our Forward Air segment we experienced significant year-over-year increases in our consolidated revenues and results from operations. We largely attribute the increase in Forward Air revenue and income from operations to the improving economic conditions and its effects on our overall business volumes and the rates we are able to charge for our core services.

FASI revenue was consistent year-over-year. FASI 2010 revenue growth was impeded by customer losses during 2010 which were mostly offset by new business wins. In particular, during the second quarter of 2010, we ceased providing services to one of FASI's largest customers at the time. These customer losses resulted in approximately $9.6 million less FASI revenue in 2010 compared to 2009, but these losses were offset by new customer wins. While the customer losses mitigated revenue growth during 2010 and will continue to lessen FASI's revenue growth during the first half of 2011, the lost revenue was low yielding and the anticipated impact on operating results from curtailing these services has been minimal. The improvement in FASI's loss from operations in 2010 as compared to 2009 is largely attributable to 2009 including a $7.0 million impairment of goodwill, as well as the removal of a poor performing customer account and improvements in operational efficiency during 2010.

Throughout 2010 fuel prices increased notably over 2009. Our net fuel surcharge revenue is the result of our fuel surcharge rates, which are set weekly using the national average for diesel price per gallon, and the tonnage transiting our network. The increase in shipping activity combined with the increasing diesel fuel prices have resulted in an increase in our net fuel surcharge revenue. Total net fuel surcharge revenue increased 59.8% during 2010 compared to 2009.

Segments

Our operations can be broadly classified into two principal segments: Forward Air and FASI.

Our Forward Air segment includes our airport-to-airport network, Forward Air Complete™, and TLX services as well as our other accessorial related services such as warehousing; customs brokerage; and value-added handling services.

Our FASI segment includes our pool distribution business.

Goodwill

During the first quarter of 2009, we determined there were indicators of potential impairment of the goodwill assigned to the FASI segment. This determination was based on the economic recession experienced in 2009 and the resulting declines in market valuations and FASI operating losses in excess of expectations. As a result, we performed an interim impairment test. We calculated the fair value of the FASI segment, using a combination of discounted cash flows and current market valuations for comparable companies. Based on the results of the interim impairment test, we recorded a non-cash goodwill impairment charge of $7.0 million related to the FASI segment during the first quarter of 2009.

In accordance with our accounting policy, we conducted our annual impairment test of goodwill for each reportable segment as of June 30, 2009 and 2010 and no further impairment charges were required.

As of December 31, 2010, the carrying value of goodwill related to the Forward Air and FASI segments was $37.9 million and $5.4 million, respectively. The estimation of fair value related to the impairment test for goodwill is particularly sensitive to projected financial information used in the calculations. Earnings estimated to be generated by our Forward Air segment are expected to continue supporting the carrying value of its goodwill. Our FASI segment is currently facing the challenges of building and expanding a business during difficult economic times. If these overall economic conditions worsen or continue for an extended period of time, future estimates of projected financial information may be reduced, and we may be required to record an additional impairment charge against the carrying value of FASI's goodwill.

Results of Operations

The following table sets forth our historical financial data for the years ended December 31, 2010 and 2009 (in millions):

	Year ended			
	December 31, 2010	**December 31, 2009**	**Change**	**Percent Change**
Operating revenue	$ 483.9	$ 417.4	$ 66.5	15.9%
Operating expenses:				
Purchased transportation	201.4	174.4	27.0	15.5
Salaries, wages, and employee benefits	129.1	118.8	10.3	8.7
Operating leases	26.3	27.3	(1.0)	(3.7)
Depreciation and amortization	20.4	19.7	0.7	3.6
Insurance and claims	8.4	9.7	(1.3)	(13.4)
Fuel expense	8.5	7.3	1.2	16.4
Other operating expenses	36.1	34.4	1.7	4.9
Impairment of goodwill and other intangible assets	--	7.2	(7.2)	(100.0)
Total operating expenses	430.2	398.8	31.4	7.9
Income from operations	53.7	18.6	35.1	188.7
Other income (expense):				
Interest expense	(0.7)	(0.7)	--	--
Other, net	0.1	0.1	--	--
Total other expense	(0.6)	(0.6)	--	--
Income before income taxes	53.1	18.0	35.1	195.0
Income taxes	21.1	8.2	12.9	157.3
Net income	$ 32.0	$ 9.8	$ 22.2	226.5%

The following table sets forth our historical financial data by segment for the years ended December 31, 2010 and 2009 (in millions):

	Year ended					
	December 31, 2010	Percent of Revenue	December 31, 2009	Percent of Revenue	Change	Percent Change
Operating revenue						
Forward Air	$ 412.9	85.3%	$ 346.3	83.0%	$ 66.6	19.2%
FASI	72.5	15.0	72.5	17.4	--	--
Intercompany Eliminations	(1.5)	(0.3)	(1.4)	(0.4)	(0.1)	7.1
Total	483.9	100.0	417.4	100.0	66.5	15.9
Purchased transportation						
Forward Air	185.8	45.0	160.3	46.3	25.5	15.9
FASI	16.9	23.3	15.4	21.2	1.5	9.7
Intercompany Eliminations	(1.3)	(86.7)	(1.3)	92.9	--	--
Total	201.4	41.6	174.4	41.8	27.0	15.5
Salaries, wages and employee benefits						
Forward Air	98.3	23.8	85.7	24.7	12.6	14.7
FASI	30.8	42.5	33.1	45.6	(2.3)	(6.9)
Total	129.1	26.7	118.8	28.5	10.3	8.7
Operating leases						
Forward Air	18.6	4.5	18.7	5.4	(0.1)	(0.5)
FASI	7.7	10.6	8.6	11.9	(0.9)	(10.5)
Total	26.3	5.4	27.3	6.5	(1.0)	(3.7)
Depreciation and amortization						
Forward Air	16.5	4.0	16.1	4.6	0.4	2.5
FASI	3.9	5.4	3.6	5.0	0.3	8.3
Total	20.4	4.2	19.7	4.7	0.7	3.6
Insurance and claims						
Forward Air	6.2	1.5	7.6	2.2	(1.4)	(18.4)
FASI	2.2	3.0	2.1	2.9	0.1	4.8
Total	8.4	1.7	9.7	2.3	(1.3)	(13.4)
Fuel expense						
Forward Air	3.8	0.9	3.1	0.9	0.7	22.6
FASI	4.7	6.5	4.2	5.8	0.5	11.9
Total	8.5	1.8	7.3	1.8	1.2	16.4
Other operating expenses						
Forward Air	29.8	7.2	27.7	8.0	2.1	7.6
FASI	6.5	9.0	6.8	9.4	(0.3)	(4.4)
Intercompany Eliminations	(0.2)	(13.3)	(0.1)	7.1	(0.1)	100.0
Total	36.1	7.5	34.4	8.3	1.7	4.9
Impairment of goodwill and other intangible assets						
Forward Air	--	--	0.2	0.1	(0.2)	(100.0)
FASI	--	--	7.0	9.6	(7.0)	(100.0)
Total	--	--	7.2	1.7	(7.2)	(100.0)
Income (loss) from operations						
Forward Air	53.9	13.1	26.9	7.8	27.0	100.4
FASI	(0.2)	(0.3)	(8.3)	(11.4)	8.1	(97.6)
Total	$ 53.7	11.1%	$ 18.6	4.4%	$ 35.1	188.7%

The following table presents the components of the Forward Air segment's operating revenue and purchased transportation for the years ended December 31, 2010 and 2009 (in millions):

	2010	Percent of Revenue	2009	Percent of Revenue	Change	Percent Change
Forward Air revenue						
Airport-to-airport	$ 322.2	78.0%	$ 268.8	77.6%	$ 53.4	19.9%
Logistics	65.6	15.9	54.4	15.7	11.2	20.6
Other	25.1	6.1	23.1	6.7	2.0	8.7
Total	$ 412.9	100.0%	$ 346.3	100.0%	$ 66.6	19.2%
Forward Air purchased transportation						
Airport-to-airport	$ 129.3	40.1%	$ 112.8	42.0%	$ 16.5	14.6%
Logistics	50.2	76.5	42.2	77.6	8.0	19.0
Other	6.3	25.1	5.3	22.9	1.0	18.9
Total	$ 185.8	45.0%	$ 160.3	46.3%	$ 25.5	15.9%

Year ended December 31, 2010 compared to Year ended December 31, 2009

Revenues

Operating revenue increased by $66.5 million, or 15.9%, to $483.9 million for the year ended December 31, 2010 from $417.4 million for the year ended December 31, 2009.

Forward Air

Forward Air operating revenue increased $66.6 million, or 19.2%, to $412.9 million from $346.3 million, accounting for 85.3% of consolidated operating revenue for the year ended December 31, 2010. Airport-to-airport revenue, which is the largest component of our consolidated operating revenue, increased $53.4 million, or 19.9%, to $322.2 million from $268.8 million, accounting for 78.0% of the segment's operating revenue during the year ended December 31, 2010 compared to 77.6% for the year ended December 31, 2009. A significant increase in tonnage and an increase in our base revenue per pound, excluding net fuel surcharge revenue and Forward Air Complete ("Complete") revenue, accounted for $38.0 million of the increase in airport-to-airport revenue. Our airport-to- -airport business is priced on a per pound basis and the average revenue per pound, excluding the impact of fuel surcharges and Complete, increased 2.1% for the year ended December 31, 2010 versus the year ended December 31, 2009. Tonnage that transited our network increased by 13.9% during the year ended December 31, 2010 compared with the year ended December 31, 2009. The increase in tonnage was primarily driven by the improved economic conditions during 2010 and the resulting increase in shipping activity. Average base revenue per pound increased as a result of a general rate increase implemented on May 1, 2010. The remaining increase in airport-to-airport revenue is the result of increased net fuel surcharge revenue and Complete pick-up and delivery revenue. Net fuel surcharge revenue increased $7.8 million during the year ended December 31, 2010 as compared to the year ended December 31, 2009 as a result of higher average fuel prices and increased overall business volumes. Complete pick-up and delivery revenue increased $7.6 million during the year ended December 31, 2010 compared to 2009. The increase in Complete revenue is attributable to an increased attachment rate of the Complete service to our standard airport-to-airport service and the overall improvement in tonnage volumes during the year ended December 31, 2010 compared to the year ended December 31, 2009.

Logistics revenue, which is primarily TLX and priced on a per mile basis, increased $11.2 million, or 20.6%, to $65.6 million for the year ended December 31, 2010 from $54.4 million for the year ended December 31, 2009. TLX revenue increased $9.9 million and 20.0% year over year as TLX average revenue per mile increased approximately 2.7% in 2010 compared to 2009 while miles driven to support our TLX revenue increased 16.8% from 2009 to 2010. Similar to our airport-to-airport service, TLX miles increased in conjunction with the improving economy and the resulting increase in shipping activity. The increase in average revenue per mile is mainly attributable to increased fuel surcharges as a result of higher fuel prices and increased yield per mile as the increase in shipping activity has resulted in decreased available truckload capacity and reduced truckload price competition. The remaining $1.3 million increase in logistics revenue was attributable to increases in other non-mileage based logistic revenues, such as drayage. The increase in non-mileage based services was in conjunction with the improvement in TLX business volumes.

Other revenue, which includes warehousing services and terminal handling, accounts for the final component of Forward Air operating revenue. Other revenue increased $2.0 million, or 8.7%, to $25.1 million during the year ended December 31, 2010 from $23.1 million during the year ended December 31, 2009. The increase in revenue was primarily due to increases in local terminal handling and sorting services, such as freight and container transfers, that increased in conjunction with our efforts to increase terminal utilization during off peak hours.

FASI

FASI operating revenue was $72.5 million for both the year ended December 31, 2010 and 2009. FASI operating revenue was consistent year-over-year in total, but included significant customer losses discussed above that were offset by various new business wins for which service began at various times throughout 2009 and 2010. The customer losses resulted in approximately $9.6 million less FASI revenue in 2010 compared to 2009. The new business wins were largely expansion of services with previously existing customers.

Intercompany Eliminations

Intercompany eliminations increased $0.1 million, or 7.1%, to $1.5 million during the year ended December 31, 2010 from $1.4 million during the year ended December 31, 2009. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI. FASI also provided cartage and station agent services to Forward Air. The increase in intercompany eliminations was the result of increased agent station services FASI provided to Forward Air during the year ended December 31, 2010.

Purchased Transportation

Purchased transportation increased by $27.0 million, or 15.5%, to $201.4 million for the year ended December 31, 2010 from $174.4 million for the year ended December 31, 2009. As a percentage of total operating revenue, purchased transportation was 41.6% during the year ended December 31, 2010 compared to 41.8% for the year ended December 31, 2009.

Forward Air

Forward Air's purchased transportation increased by $25.5 million, or 15.9%, to $185.8 million for the year ended December 31, 2010 from $160.3 million for the year ended December 31, 2009. The increase in purchased transportation is primarily attributable to an increase of approximately 12.2% in miles driven and a 3.3% increase in the total cost per mile for the year ended December 31, 2010 versus the year ended December 31, 2009. As a percentage of segment operating revenue, Forward Air purchased transportation was 45.0% during the year ended December 31, 2010 compared to 46.3% for the year ended December 31, 2009.

Purchased transportation costs for our airport-to-airport network increased $16.5 million, or 14.6%, to $129.3 million for the year ended December 31, 2010 from $112.8 million for the year ended December 31, 2009. For the year ended December 31, 2010, purchased transportation for our airport-to-airport network decreased to 40.1% of airport-to-airport revenue from 42.0% for the year ended December 31, 2009. The $16.5 million increase is attributable to a 10.5% increase in miles driven by our network of owner-operators or third party transportation providers in addition to a 2.2% increase in cost per mile paid to our network of owner-operators or third party transportation providers. The increase in miles increased purchased transportation by $10.0 million while the increase in cost per mile increased purchased transportation $2.3 million. Miles driven by our network of owner-operators or third party transportation providers increased in conjunction with the tonnage increase discussed above. The 2.2% increase in airport-to-airport cost per mile was the result of increased utilization of more costly third party transportation providers as opposed to our network of owner-operators. We increased our use of third party transportation provides in order to fill the capacity required by the increased business volumes discussed above. In addition to these increases in airport-to-airport purchased transportation was a $4.2 million increase in expenses for third party transportation costs associated with the increased customer utilization of Complete.

Purchased transportation costs for our logistics revenue increased $8.0 million, or 19.0%, to $50.2 million for the year ended December 31, 2010 from $42.2 million for the year ended December 31, 2009. For the year ended December 31, 2010, logistics' purchased transportation costs represented 76.5% of logistics revenue versus 77.6% for the year ended December 31, 2009. The increase in logistics' purchased transportation was largely attributable to the $7.5 million, or 19.1%, increase in TLX purchased transportation. Miles driven to support our TLX revenue increased 16.8% and the cost per mile increased approximately 2.0% during 2010 compared to 2009. The increase in cost per mile was mostly attributable to the increased utilization of our more costly third party transportation providers as opposed to our network of owner-operators. Other non-mileage based logistics' purchased transportation costs related to our drayage and other services increased $0.5 million.

Purchased transportation costs related to our other revenue increased $1.0 million, or 18.9%, to $6.3 million for the year ended December 31, 2010 from $5.3 million for the year ended December 31, 2009. Other purchased transportation costs as a percentage of other revenue increased to 25.1% of other revenue for the year ended December 31, 2010 from 22.9% for the year ended December 31, 2009. The increase in other purchased transportation costs as a percentage of other revenue is attributable to our efforts to increase local terminal revenue streams. These alternate revenue streams often require the use of more costly third party transportation providers, as opposed to Company-employed drivers or our network of owner-operators.

FASI

FASI purchased transportation increased $1.5 million, or 9.7%, to $16.9 million for the year ended December 31, 2010 from $15.4 million for the year ended December 31, 2009. FASI purchased transportation as a percentage of revenue was 23.3% for the year ended December 31, 2010 compared to 21.2% for the year ended December 31, 2009. The increase in FASI purchased transportation in total dollars and as a percentage of revenue is attributable to our efforts to shift FASI to a more variable cost model by increasing the use of owner-operators as opposed to Company-employed drivers.

Intercompany Eliminations

Intercompany eliminations were $1.3 million for the years ended December 31, 2010 and 2009. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI during the year end December 31, 2010. FASI also provided cartage services to Forward Air.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits increased $10.3 million, or 8.7%, to $129.1 million for the year ended December 31, 2010 from $118.8 million for the year ended December 31, 2009. As a percentage of total operating revenue, salaries, wages and employee benefits was 26.7% during the year ended December 31, 2010 compared to 28.5% in December 31, 2009.

Forward Air

Salaries, wages and employee benefits of Forward Air increased by $12.6 million, or 14.7%, to $98.3 million for the year ended December 31, 2010 from $85.7 million for the year ended December 31, 2009. Salaries, wages and employee benefits were 23.8% of Forward Air's operating revenue for the year ended December 31, 2010 compared to 24.7% for the year ended December 31, 2009. The $12.6 million increase in salaries, wages, and benefits was driven by increases in employee incentives, loss development reserves associated with workers' compensation claims, health insurance claims and variable wages. Employee incentives increased $4.9 million on achievement of quarterly and annual performance goals for the year ended December 31, 2010. Workers' compensation claims increased $0.9 million on increases in loss development reserves associated with prior period claims. Health insurance claims increased $1.4 million primarily as a result of a small number of individually large medical claims that reached our self-insured limits during the year ended December 31, 2010. These increases were partially offset by a $0.6 million reduction in share-based compensation. The decrease in share-based compensation was mainly due to final vesting of our 2007 stock option awards partially offset by 2010 stock option grants to key employees. The remaining $6.0 million increase is associated with increased variable wages, primarily dock employees, which increased in conjunction with the increased business volumes discussed above.

FASI

Salaries, wages and employee benefits of FASI decreased by $2.3 million, or 6.9%, to $30.8 million for the year ended December 31, 2010 from $33.1 million for the year ended December 31, 2009. As a percentage of FASI operating revenue, salaries, wages and benefits decreased to 42.5% for the year ended December 31, 2010 compared to 45.6% for the year ended December 31, 2009. FASI salaries, wages and employee benefits are higher as a percentage of operating revenue than our Forward Air segment, as a larger percentage of the transportation services are performed by Company-employed drivers. The decrease in salaries, wages and employee benefits as a percentage of revenue is attributable to reduced dock wages, Company-employed driver pay and reduced workers' compensation and health insurance claims. As noted above, to move FASI to a more variable cost structure, we are in the process of shifting, wherever feasible, from Company-employed drivers to owner-operators. As a result, we reduced pay to Company-employed drivers by 1.7% as a percentage of revenue. Also, for the year ended December 31, 2010 we reduced our dock wages by 0.8% as a percentage of revenue compared to the year ended December 31, 2009. The improvement in dock wages is largely the result of efficiencies gained by installing conveyor systems in our larger facilities and replacing contract labor with Company-employed dock personnel. Workers' compensation claims and groups insurance also decreased approximately 0.9% as a percentage of revenue on improved current year claim experience.

These decreases were partially offset by a 0.3% increase in employee incentives and share-based compensation. Employee incentives increased 0.2% as a percentage of revenue due to certain terminals and employees reaching quarterly performance goals. The increase in share-based compensation is attributable to 2010 stock option awards to key FASI employees.

Operating Leases

Operating leases decreased by $1.0 million, or 3.7%, to $26.3 million for the year ended December 31, 2010 from $27.3 million in the year ended December 31, 2009. Operating leases, the largest component of which is facility rent, were 5.4% of consolidated operating revenue for the year ended December 31, 2010 compared with 6.5% for the year ended December 31, 2009.

Forward Air

Operating leases decreased $0.1 million, or 0.5%, to $18.6 million for the year ended December 31, 2010 from $18.7 million for the year ended December 31, 2009. Operating leases were 4.5% of Forward Air's operating revenue for the year ended December 31, 2010 compared with 5.4% for the year ended December 31, 2009. The decrease in operating leases is mostly attributable to a $0.1 million decrease in office rent. The decline in office rent was the result of completing our new regional hub in Dallas/Fort Worth at the beginning of the third quarter of 2009. In conjunction with the opening of this facility we were able to move out of the previously leased facilities and reduce operating lease expense. This reduction has been partially offset by certain existing terminals being relocated to larger facilities.

FASI

Operating leases decreased $0.9 million, or 10.5%, to $7.7 million for the year ended December 31, 2010 from $8.6 million for the year ended December 31, 2009. Operating leases were 10.6% of FASI operating revenue for the year ended December 31, 2010 compared with 11.9% for the year ended December 31, 2009. Approximately $0.6 million of the decrease was attributable to lower facility rent due to the consolidation of duplicate facilities after our 2008 acquisitions. The remaining $0.3 million decrease is the result of the turn-in of previously leased or rented vehicles and trailers.

Depreciation and Amortization

Depreciation and amortization increased $0.7 million, or 3.6%, to $20.4 million for the year ended December 31, 2010 from $19.7 million for the year ended December 31, 2009. Depreciation and amortization was 4.2% of consolidated operating revenue for the year ended December 31, 2010 compared with 4.7% for the year ended December 31, 2009.

Forward Air

Depreciation and amortization increased $0.4 million, or 2.5%, to $16.5 million for the year ended December 31, 2010 from $16.1 million for the year ended December 31, 2009. Depreciation and amortization expense as a percentage of Forward Air operating revenue was 4.0% in the year ended December 31, 2010 compared to 4.6% for the year ended December 31, 2009. Approximately $0.3 million of the increase is attributable to new trailers purchased in the fourth quarter of 2009 and mid 2010. The remaining $0.1 million increase is primarily the result of a full year of depreciation on our Dallas/Fort Worth regional hub net of allocations of depreciation expense for the facility's usage to FASI.

FASI

Depreciation and amortization increased $0.3 million, or 8.3%, to $3.9 million for the year ended December 31, 2010 from $3.6 million for the year ended December 31, 2009. Depreciation and amortization expense as a percentage of FASI operating revenue was 5.4% for the year ended December 31, 2010 compared to 5.0% for the year ended December 31, 2009. The $0.3 million increase is largely attributable to an allocation of depreciation expense for FASI's proportionate usage of the Dallas/Fort Worth regional hub and depreciation on conveyor systems installed in certain terminals during 2010.

Insurance and Claims

Insurance and claims expense decreased $1.3 million, or 13.4%, to $8.4 million for the year ended December 31, 2010 from $9.7 million for the year ended December 31, 2009. Insurance and claims was 1.7% of consolidated operating revenue during 2010 compared with 2.3% in 2009.

Forward Air

Forward Air insurance and claims expense decreased $1.4 million, or 18.4%, to $6.2 million for the year ended December 31, 2010 from $7.6 million for the year ended December 31, 2009. Insurance and claims as a percentage of Forward Air's operating revenue was 1.5% in the year ended December 31, 2010 compared to 2.2% for the year ended December 31, 2009. The decrease in insurance and claims is attributable to reduced premiums, vehicle accident claims and cargo claims, offset by increased legal and professional fees. Insurance premiums decreased $1.1 million as a result of a decrease in insurance premiums compared to 2009 on renewed and renegotiated insurance plans and reductions of reserves for premium audits related to previous years. Reserves for current year vehicle accidents and cargo claims decreased $0.5 million on improved claims experience. These decreases were offset by a $0.3 million increase in legal and professional fees primarily associated with the litigation of prior year accidents and claims.

FASI

FASI insurance and claims increased $0.1 million to $2.2 million for the year ended December 31, 2010 from $2.1 million for the year ended December 31, 2009. As a percentage of operating revenue, insurance and claims was 3.0% for the year ended December 31, 2010 compared to 2.9% for the year ended December 31, 2009. The $0.1 million increase is primarily due to a reduction in 2009 of our loss development reserves for vehicle claims resulting from an actuarial analysis of our vehicle claims. No similar reduction occurred in 2010.

Fuel Expense

Fuel expense increased $1.2 million, or 16.4%, to $8.5 million in the year ended December 31, 2010 from $7.3 million in the year ended December 31, 2009. Fuel expense was 1.8% of consolidated operating revenue for the year ended December 31, 2010 and 2009.

Forward Air

Forward Air fuel expense increased $0.7 million, or 22.6%, to $3.8 million for the year ended December 31, 2010 from $3.1 million in the year ended December 31, 2009. Fuel expense was 0.9% of Forward Air's operating revenue for the years ended December 31, 2010 and 2009. The increase in total dollars is attributable to increased mileage activity as well as increased average fuel prices during the year end December 31, 2010 compared to the year ended December 31, 2009.

FASI

FASI fuel expense increased $0.5 million, or 11.9%, to $4.7 million for the year ended December 31, 2010 from $4.2 million for the year ended December 31, 2009. Fuel expenses were 6.5% of FASI operating revenue during the year ended December 31, 2010 compared to 5.8% for the year ended December 31, 2009. FASI fuel expense is significantly higher as a percentage of operating revenue than Forward Air's fuel expense, as FASI utilizes a higher ratio of Company-employed drivers and Company-owned or leased vehicles in its operations than Forward Air. The increase in FASI fuel expense was attributable to the increase in average fuel prices during the year ended December 31, 2010 as compared to the year ended December 31, 2009 net of reductions in miles driven by Company-owned units.

Other Operating Expenses

Other operating expenses increased $1.7 million, or 4.9%, to $36.1 million for the year ended December 31, 2010 from $34.4 million for the year ended December 31, 2009. Other operating expenses were 7.5% of consolidated operating revenue for the year ended December 31, 2010 compared with 8.3% for the year ended December 31, 2009.

Forward Air

Forward Air other operating expenses increased $2.1 million, or 7.6%, to $29.8 million for the year ended December 31, 2010 from $27.7 million for the year ended December 31, 2009. Forward Air other operating expenses were 7.2% of operating revenue for the year ended December 31, 2010 compared to 8.0% for the year ended December 31, 2009. The increase in other operating expenses in total dollars was attributable to increases in variable costs, such as dock supplies, vehicle maintenance and tolls, which increased as a result of the increased business volumes discussed previously. These increases were partially offset by a $0.7 million gain recognized on the termination of a capital lease for a building located near our Columbus, Ohio hub facility.

FASI

FASI other operating expenses decreased $0.3 million, or 4.4%, to $6.5 million for the year ended December 31, 2010 compared to $6.8 million for the year ended December 31, 2009. FASI other operating expenses were 9.0% of operating revenue for the year ended December 31, 2010 compared to 9.4% for the year ended December 31, 2009. The $0.3 million decrease is attributable to reductions in vehicle maintenance, dock supplies and cost control efforts. Vehicle maintenance decreased $0.2 million on reductions in leased and rented vehicles due to the turn-in of leased and rented vehicles assumed with the 2008 acquisitions. The FASI customer losses discussed above were largely responsible for a $0.1 million decrease in dock supplies due to the discontinued customers' packing requirements.

Intercompany Eliminations

Intercompany eliminations were $0.2 million during the year ended December 31, 2010 compared to 0.1 million for the year ended December 31, 2009. The intercompany eliminations are for agent station services FASI provided to Forward Air during the year ended December 31, 2010.

Impairment of Goodwill and Other Intangible Assets

Impairment of goodwill and other intangible assets was $7.2 million during the year ended December 31, 2009. Impairment of goodwill was 1.7% of consolidated operating revenue for year ended December 31, 2009. There were no impairments to goodwill and other intangible assets in 2010.

Forward Air

Impairment of goodwill and other intangible assets was $0.2 million, or 0.1%, of Forward Air's operating revenue, during the year ended December 31, 2009. During the year ended December 31, 2009, Forward Air recorded a non-cash $0.2 million charge to write off the net book value of certain truckload and cargo handling customer relationships that had been discontinued during 2009. Forward Air had no impairments to goodwill and other intangible assets in 2010.

FASI

During the first quarter of 2009, we determined there were indicators of potential impairment of the goodwill assigned to the FASI segment. This determination was made based on the continuing economic recession, declines in current market valuations and FASI operating losses in excess of expectations. As a result, we performed an interim impairment test as of March 31, 2009. Based on the results of the impairment test, we recorded a non-cash goodwill impairment charge of $7.0 million related to the FASI segment during 2009. Forward Air Solutions had no impairments to goodwill and other intangible assets in 2010.

Results from Operations

Income from operations increased by $35.1 million to $53.7 million for the year ended December 31, 2010 compared with $18.6 million for the year ended December 31, 2009. Income from operations was 11.1% of consolidated operating revenue for the year ended December 31, 2010 compared with 4.4% for the year ended December 31, 2009.

Forward Air

Income from operations increased by $27.0 million to $53.9 million for the year ended December 31, 2010 compared with $26.9 million for the year ended December 31, 2009. Forward Air's income from operations was 13.1% of operating revenue for the year ended December 31, 2010 compared with 7.8% for the year ended December 31, 2009. The increase in income from operations was primarily the result of the increased revenues discussed above and the resulting positive leverage the additional revenues provide against the fixed costs of the Forward Air network.

FASI

FASI loss from operations decreased by $8.1 million, or 97.6%, to a $0.2 million loss from operations for the year ended December 31, 2010 from a loss from operations of $8.3 million for the year ended December 31, 2009. FASI loss from operations was 0.3% of operating revenue for the year ended December 31, 2010 compared with 11.4% for the year ended December 31, 2009. The decrease in FASI's loss from operations was primarily driven by the $7.0 million non-cash, goodwill impairment charge incurred in 2009. The remaining decrease in FASI's loss from operations was attributable to the discontinuance of low yield business and continuing efforts to improve operating efficiencies and control variable and discretionary costs.

Interest Expense

Interest expense was $0.7 million for the years ended December 31, 2010 and 2009.

Other Income, Net

Other, net was income of $0.1 million for the years ended December 31, 2010 and 2009.

Provision for Income Taxes

The combined federal and state effective tax rate for the year ended December 31, 2010 was 39.7% compared to a rate of 45.3% for the year ended December 31, 2009. The decrease in our effective tax rate is primarily attributable to the increase in our income before income taxes combined with a decrease in share-based compensation on incentive stock options. The share-based compensation for incentive stock options is mostly not deductible for income tax reporting. Also, decreasing the provision for income taxes during 2010 was a $0.1 million reduction in the valuation allowance associated with a decrease in FASI's net deferred tax assets. During 2009, we increased the valuation allowance on FASI's net deferred tax assets by $0.2 million. In addition, the provision for income taxes for the year ended December 31, 2009 was increased by a $0.2 million reserve for a state income tax contingency.

Net Income

As a result of the foregoing factors, net income increased by $22.2 million to $32.0 million for the year ended December 31, 2010 compared to $9.8 million for the year ended December 31, 2009.

Results of Operations

The following table sets forth our historical financial data for the years ended December 31, 2009 and 2008 (in millions):

	Year ended			
	December 31, 2009	December 31, 2008	Change	Percent Change
Operating revenue	$ 417.4	$ 474.4	$ (57.0)	(12.0) %
Operating expenses:				
Purchased transportation	174.4	189.0	(14.6)	(7.7)
Salaries, wages, and employee benefits	118.8	116.5	2.3	2.0
Operating leases	27.3	24.4	2.9	11.9
Depreciation and amortization	19.7	16.6	3.1	18.7
Insurance and claims	9.7	8.1	1.6	19.8
Fuel expense	7.3	11.5	(4.2)	(36.5)
Other operating expenses	34.4	38.0	(3.6)	(9.5)
Impairment of goodwill and other intangible assets	7.2	--	7.2	100.0
Total operating expenses	398.8	404.1	(5.3)	(1.3)
Income from operations	18.6	70.3	(51.7)	(73.5)
Other income (expense):				
Interest expense	(0.7)	(1.2)	0.5	(41.7)
Other, net	0.1	0.3	(0.2)	(66.7)
Total other expense income	(0.6)	(0.9)	0.3	(33.3)
Income before income taxes	18.0	69.4	(51.4)	(74.1)
Income taxes	8.2	26.9	(18.7)	(69.5)
Net income	$ 9.8	$ 42.5	$ (32.7)	(76.9) %

The following table sets forth our historical financial data by segment for the years ended December 31, 2009 and 2008 (in millions):

	Year ended					
	December 31, 2009	Percent of Revenue	December 31, 2008	Percent of Revenue	Change	Percent Change
Operating revenue						
Forward Air	$ 346.3	83.0%	$ 421.2	88.8%	$ (74.9)	(17.8) %
FASI	72.5	17.4	55.3	11.6	17.2	31.1
Intercompany Eliminations	(1.4)	(0.4)	(2.1)	(0.4)	0.7	(33.3)
Total	417.4	100.0	474.4	100.0	(57.0)	(12.0)
Purchased transportation						
Forward Air	160.3	46.3	179.9	42.7	(19.6)	(10.9)
FASI	15.4	21.2	11.2	20.2	4.2	37.5
Intercompany Eliminations	(1.3)	92.9	(2.1)	100.0	0.8	(38.1)
Total	174.4	41.8	189.0	39.9	(14.6)	(7.7)
Salaries, wages and employee benefits						
Forward Air	85.7	24.7	92.5	22.0	(6.8)	(7.4)
FASI	33.1	45.6	24.0	43.4	9.1	37.9
Total	118.8	28.5	116.5	24.6	2.3	2.0
Operating leases						
Forward Air	18.7	5.4	18.5	4.4	0.2	1.1
FASI	8.6	11.9	5.9	10.7	2.7	45.8
Total	27.3	6.5	24.4	5.1	2.9	11.9
Depreciation and amortization						
Forward Air	16.1	4.6	14.4	3.4	1.7	11.8
FASI	3.6	5.0	2.2	4.0	1.4	63.6
Total	19.7	4.7	16.6	3.5	3.1	18.7
Insurance and claims						
Forward Air	7.6	2.2	7.3	1.7	0.3	4.1
FASI	2.1	2.9	0.8	1.4	1.3	162.5
Total	9.7	2.3	8.1	1.7	1.6	19.8
Fuel expense						
Forward Air	3.1	0.9	5.8	1.4	(2.7)	(46.6)
FASI	4.2	5.8	5.7	10.3	(1.5)	(26.3)
Total	7.3	1.8	11.5	2.4	(4.2)	(36.5)
Other operating expenses						
Forward Air	27.7	8.0	32.1	7.6	(4.4)	(13.7)
FASI	6.8	9.4	5.9	10.7	0.9	15.3
Intercompany Eliminations	(0.1)	7.1	--	--	(0.1)	100.0
Total	34.4	8.3	38.0	8.0	(3.6)	(9.5)
Impairment of goodwill and other intangible assets						
Forward Air	0.2	0.1	--	--	0.2	100.0
FASI	7.0	9.6	--	--	7.0	100.0
Total	7.2	1.7	--	--	7.2	100.0
Income (loss) from operations						
Forward Air	26.9	7.8	70.7	16.8	(43.8)	(62.0)
FASI	(8.3)	(11.4)	(0.4)	(0.7)	(7.9)	1,975.0
Total	$ 18.6	4.4%	$ 70.3	14.8%	$ (51.7)	(73.5) %

The following table presents the components of the Forward Air segment's operating revenue and purchased transportation for the years ended December 31, 2009 and 2008 (in millions):

	2009	Percent of Revenue	2008	Percent of Revenue	Change	Percent Change
Forward Air revenue						
Airport-to-airport	$ 268.8	77.6%	$ 336.2	79.8%	$ (67.4)	(20.0) %
Logistics	54.4	15.7	59.9	14.2	(5.5)	(9.2)
Other	23.1	6.7	25.1	6.0	(2.0)	(8.0)
Total	$ 346.3	100.0%	$ 421.2	100.0%	$ (74.9)	(17.8) %
Forward Air purchased transportation						
Airport-to-airport	$ 112.8	42.0%	$ 128.9	38.3%	$ (16.1)	(12.5) %
Logistics	42.2	77.6	44.5	74.3	(2.3)	(5.2)
Other	5.3	22.9	6.5	25.9	(1.2)	(18.5)
Total	$ 160.3	46.3%	$ 179.9	42.7%	$ (19.6)	(10.9) %

Year ended December 31, 2009 compared to Year ended December 31, 2008

Revenues

Operating revenue decreased by $57.0 million, or 12.0%, to $417.4 million for the year ended December 31, 2009 from $474.4 million for the year ended December 31, 2008.

Forward Air

Forward Air operating revenue decreased $74.9 million, or 17.8%, to $346.3 million from $421.2 million, accounting for 83.0% of consolidated operating revenue for the year ended December 31, 2009. Airport-to-airport revenue, which is the largest component of our consolidated operating revenue, decreased $67.4 million, or 20.0%, to $268.8 million from $336.2 million, accounting for 77.6% of the segment's operating revenue during the year ended December 31, 2009 compared to 79.8% for the year ended December 31, 2008. A significant decrease in tonnage and a decrease in our base revenue per pound, excluding net fuel surcharge revenue and Forward Air Complete ("Complete") revenue, accounted for $55.2 million of the decline in airport-to-airport revenue. Our airport-to-airport business is priced on a per pound basis and the average revenue per pound, excluding the impact of fuel surcharges and Complete, decreased 3.0% for the year ended December 31, 2009 versus the year ended December 31, 2008. Tonnage that transited our network decreased by 16.7% during the year ended December 31, 2009 compared with the year ended December 31, 2008. The decrease in tonnage was primarily driven by the impact of the economic recession and the resulting reduction in shipping activity. Average base revenue per pound decreased due to the continued shift in revenue mix to shorter distance and lower price per pound routes as well as increased pricing competition brought on by 2009's difficult economic environment. The remaining decrease in airport-to-airport revenue is the result of reduced net fuel surcharge revenue offset by increased revenue from our Complete pick-up and delivery service. Net fuel surcharge revenue decreased $17.8 million during the year ended December 31, 2009 as compared to the year ended December 31, 2008 as a result of reduced average fuel prices as well as decreased overall business volumes. Partially offsetting these decreases was a $5.6 million increase in Complete revenue during the year ended December 31, 2009 compared to 2008. The increase in Complete revenue is attributable to an increased frequency of airport-to-airport shippers opting to utilize our Complete service.

Logistics revenue, which is primarily TLX and priced on a per mile basis, decreased $5.5 million, or 9.2%, to $54.4 million for the year ended December 31, 2009 from $59.9 million for the year ended December 31, 2008. TLX revenue decreased $4.4 million and 8.2% year over year as TLX average revenue per mile decreased approximately 8.2% in 2009 compared to 2008 while miles driven to support our TLX revenue remained consistent from 2008 to 2009. The decrease in average revenue per mile is mainly attributable to decreased fuel surcharges as a result of decreased fuel prices and reduced yields as a result of increased truckload price competition. The remaining decrease in logistics revenue was primarily driven by a $0.8 million, or 79.0%, decrease in dedicated fleet services, and a $0.3 million decrease in other non-mileage based logistic revenues. The decline in dedicated fleet services was attributable to loss of the primary customer. The decrease in non-mileage based services was in conjunction with the overall decline in TLX business volumes.

Other revenue, which includes warehousing services and terminal handling, accounts for the final component of Forward Air operating revenue. Other revenue decreased $2.0 million, or 8.0%, to $23.1 million during the year ended December 31, 2009 from $25.1 million during the year ended December 31, 2008. The decline in other revenue was primarily due to volume decreases in conjunction with the decline in our airport-to-airport business. These declines were partially offset by increases in dedicated pick-up and delivery services initiated during the fourth quarter of 2008.

FASI

FASI operating revenue increased $17.2 million, or 31.1%, to $72.5 million for the year ended December 31, 2009 from $55.3 million for the year ended December 31, 2008. The increase in revenue is the result of additional activity from the Pinch acquisition on March 17, 2008 and the Service Express acquisition on September 8, 2008 and new business wins which occurred throughout 2009. These increases were slightly offset by reduced fuel surcharge revenues as a result of declining fuel prices and reduced shipping volumes at pre-acquisition terminals resulting from the economic recession experienced throughout 2009.

Intercompany Eliminations

Intercompany eliminations decreased $0.7 million, or 33.3%, to $1.4 million during the year ended December 31, 2009 from $2.1 million during the year ended December 31, 2008. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI. FASI also provided cartage and station agent services to Forward Air. The decrease in intercompany eliminations was the result of reduced Forward Air truckload services provided to FASI.

Purchased Transportation

Purchased transportation decreased by $14.6 million, or 7.7%, to $174.4 million for the year ended December 31, 2009 from $189.0 million for the year ended December 31, 2008. As a percentage of total operating revenue, purchased transportation was 41.8% during the year ended December 31, 2009 compared to 39.9% for the year ended December 31, 2008.

Forward Air

Forward Air's purchased transportation decreased by $19.6 million, or 10.9%, to $160.3 million for the year ended December 31, 2009 from $179.9 million for the year ended December 31, 2008. The decrease in purchased transportation is primarily attributable to a decrease of approximately 14.4% in miles driven offset by a 3.0% increase in the total cost per mile for the year ended December 31, 2009 versus the year ended December 31, 2008. As a percentage of segment operating revenue, Forward Air purchased transportation was 46.3% during the year ended December 31, 2009 compared to 42.7% for the year ended December 31, 2008.

Purchased transportation costs for our airport-to-airport network decreased $16.1 million, or 12.5%, to $112.8 million for the year ended December 31, 2009 from $128.9 million for the year ended December 31, 2008. For the year ended December 31, 2009, purchased transportation for our airport-to-airport network increased to 42.0% of airport-to-airport revenue from 38.3% for the year ended December 31, 2008. The $16.1 million decrease is attributable to a 17.6% decrease in miles driven by our network of owner-operators or third party transportation providers offset by a 0.4% increase in cost per mile paid to our network of owner-operators or third party transportation providers. The reduction in miles decreased purchased transportation by $20.2 million while the increase in cost per mile increased purchased transportation $0.3 million. Miles driven by our network of owner-operators or third party transportation providers decreased in conjunction with the tonnage decline discussed above. Offsetting these decreases in airport-to-airport purchased transportation was a $3.8 million increase in expenses for third party transportation costs associated with the increased customer utilization of Complete.

Purchased transportation costs for our logistics revenue decreased $2.3 million, or 5.2%, to $42.2 million for the year ended December 31, 2009 from $44.5 million for the year ended December 31, 2008. For the year ended December 31, 2009, logistics' purchased transportation costs represented 77.6% of logistics revenue versus 74.3% for the year ended December 31, 2008. The decrease in logistics' purchased transportation was attributable to the $2.1 million, or 5.3%, decrease in TLX purchased transportation. Miles driven to support our TLX revenue remained consistent, decreasing less than 0.1%, but we reduced the cost per mile by approximately 5.2% during 2009 compared to 2008. The reduction in cost per mile was mostly attributable to the increased utilization of our less costly network of owner-operators and improved purchasing power given the increased availability of third party transportation providers. The remaining decrease in logistics' purchased transportation was driven by a $0.2 million decrease in transportation costs associated with dedicated fleet services. Logistics' purchased transportation increased as a percentage of revenue primarily due to the decline in yield per mile resulting from lower fuel surcharges and increased truckload pricing competition. During 2009, these decreases reduced our TLX yield per mile at a faster rate than we can reduce the related cost per mile.

Purchased transportation costs related to our other revenue decreased $1.2 million, or 18.5%, to $5.3 million for the year ended December 31, 2009 from $6.5 million for the year ended December 31, 2008. Other purchased transportation costs as a percentage of other revenue decreased to 22.9% of other revenue for the year ended December 31, 2009 from 25.9% for the year ended December 31, 2008. The improvement in other purchased transportation costs as a percentage of other revenue is attributable to the use of Company-employed drivers to provide the transportation services associated with certain dedicated pick-up and delivery services initiated during the fourth quarter of 2008. Further, due to the economic recession, we have ceased providing other ancillary services in circumstances in which the overall yield was insufficient.

FASI

FASI purchased transportation increased $4.2 million, or 37.5%, to $15.4 million for the year ended December 31, 2009 from $11.2 million for the year ended December 31, 2008. FASI purchased transportation as a percentage of revenue was 21.2% for the year ended December 31, 2009 compared to 20.2% for the year ended December 31, 2008. The increase in purchased transportation is mainly due to our continued expansion of the FASI business through the acquisitions of Pinch and Service Express in March 2008 and September 2008, respectively. The increase in purchased transportation as a percentage of revenue is attributable to increased utilization of owner-operators and third party transportation providers as opposed to Company-employed drivers, thereby shifting the cost from salaries, wages and benefits to purchased transportation. It is generally more cost effective to run an owner-operator than a Company-employed driver, and we continue to recruit owner-operators to use in our FASI operations.

Intercompany Eliminations

Intercompany eliminations decreased $0.8 million, or 38.1%, to $1.3 million for the year ended December 31, 2009 from $2.1 million for the year ended December 31, 2008. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI during the year end December 31, 2009. FASI also provided cartage and agent station services to Forward Air. The decrease in intercompany eliminations was the result of reduced Forward Air truckload services provided to FASI.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits decreased $2.3 million, or 2.0%, to $118.8 million for the year ended December 31, 2009 from $116.5 million for the year ended December 31, 2008. As a percentage of total operating revenue, salaries, wages and employee benefits was 28.5% during 2009 compared to 24.6% in 2008.

Forward Air

Salaries, wages and employee benefits of Forward Air decreased by $6.8 million, or 7.4%, to $85.7 million for the year ended December 31, 2009 from $92.5 million for the year ended December 31, 2008. Salaries, wages and employee benefits were 24.7% of Forward Air's operating revenue for the year ended December 31, 2009 compared to 22.0% for the year ended December 31, 2008. The $6.8 million decrease in salaries, wages, and benefits was driven by our efforts to reduce personnel costs in conjunction with the overall decline in Forward Air revenue. Our efforts to reduce personnel costs focused largely on controlling airport-to-airport variable wages, such as dock personnel. Through these reductions we have reduced terminal related pay by approximately $5.9 million, or 14.3%. In addition, we reduced personnel costs associated with our sales force and various back-office functions by approximately $2.2 million, or 5.3%.

However, these decreases were partially offset by increases in workers' compensation claims, share-based compensation and employee incentives. Workers' compensation claims increased $0.9 million, or 50.4%, largely driven by adjustments to our loss development reserves based on actuary analyses of Forward Air's worker compensation claims experience. Share-based compensation increased $0.3 million, or 5.4%, due to the annual grants of stock options and non-vested shares of Common Stock ("non-vested shares") to key members of management and non-employee directors from 2006 to the present. Employee incentives increased $0.1 million, or 10.1%, for annual incentives for key employees and senior management.

During the fourth quarter of 2009, salaries, wages and employee benefits increased by $1.1 million as we increased incentive accruals for senior management and key employees. Comparatively, during the fourth quarter of 2008, we decreased salaries, wages and employee benefits by $1.5 million for incentives to key employees and senior management.

During 2009, we were not able to reduce the fixed components of our salaries and benefits, such as management pay, share-based compensation, and other related benefit costs at the same rate at which Forward Air revenue declined, and as a result salaries, wages, and benefits increased as a percentage of revenue.

FASI

Salaries, wages and employee benefits of FASI increased by $9.1 million, or 37.9%, to $33.1 million for the year ended December 31, 2009 from $24.0 million for the year ended December 31, 2008. As a percentage of FASI operating revenue, salaries, wages and benefits increased to 45.6% for the year ended December 31, 2009 compared to 43.4% for the year ended December 31, 2008. FASI salaries, wages and employee benefits are higher as a percentage of operating revenue than our Forward Air segment, as a larger percentage of the transportation services are performed by Company-employed drivers. The increase in salaries, wages and employee benefits as a percentage of revenue is attributable to increases in health insurance and workers' compensation costs, which increased to 5.2% of revenue during 2009 from 3.1% in 2008. The increases in health insurance and workers' compensation costs is the result of 2009 including a full year of claims associated with employees brought on with the Pinch and Service Express acquisitions. In addition, shared-based compensation and employee incentives increased $0.1 million, or increased 0.1% as a percentage of revenue, largely driven by increased stock option awards to key FASI employees during 2009.

Operating Leases

Operating leases increased by $2.9 million, or 11.9%, to $27.3 million for the year ended December 31, 2009 from $24.4 million in the year ended December 31, 2008. Operating leases, the largest component of which is facility rent, were 6.5% of consolidated operating revenue for the year ended December 31, 2009 compared with 5.1% for the year ended December 31, 2008.

Forward Air

Operating leases increased $0.2 million, or 1.1%, to $18.7 million for the year ended December 31, 2009 from $18.5 million for the year ended December 31, 2008. Operating leases were 5.4% of Forward Air's operating revenue for the year ended December 31, 2009 compared with 4.4% for the year ended December 31, 2008. The increase in operating leases in total dollars was attributable to a $0.4 million, or 2.2%, increase in facility rent expense associated with the assumption of additional facilities as a result of the Pinch acquisition and the expansion of certain facilities. The increase in facility rent was offset by a $0.2 million, or 18.1%, decrease in tractor leases. The decrease in tractor leases was the result of a reduction in leased vehicles assumed in conjunction with the Pinch acquisition as such leases expired.

FASI

Operating leases increased $2.7 million, or 45.8%, to $8.6 million for the year ended December 31, 2009 from $5.9 million for the year ended December 31, 2008. Operating leases were 11.9% of FASI operating revenue for the year ended December 31, 2009 compared with 10.7% for the year ended December 31, 2008. Approximately $2.5 million of the increase was attributable to higher facility rent expense due to the increased number of terminals resulting from the Pinch and Service Express acquisitions. Operating leases also increased $0.2 million for trailer, tractor, and straight truck leases assumed in conjunction with the acquisitions of Pinch and Service Express.

Depreciation and Amortization

Depreciation and amortization increased $3.1 million, or 18.7%, to $19.7 million for the year ended December 31, 2009 from $16.6 million for the year ended December 31, 2008. Depreciation and amortization was 4.7% of consolidated operating revenue for the year ended December 31, 2009 compared with 3.5% for the year ended December 31, 2008.

Forward Air

Depreciation and amortization increased $1.7 million, or 11.8%, to $16.1 million for the year ended December 31, 2009 from $14.4 million for the year ended December 31, 2008. Depreciation and amortization expense as a percentage of Forward Air operating revenue was 4.6% in the year ended December 31, 2009 compared to 3.4% for the year ended December 31, 2008. The increase in depreciation and amortization expense is attributable to increased depreciation on our new regional hub facility, recent trailer purchases, terminal and facility leasehold improvements, and software and computer equipment. Trailer depreciation increased $0.4 million due to new trailers placed in service during the fourth quarter of 2008. Other depreciation increased $1.3 million as a result of depreciation on our new regional hub in Dallas/Fort Worth, capital expenditures for improvements to other new or expanded facilities and for capital expenditures required to assimilate equipment, terminals and office facilities obtained through our recent acquisitions into our network.

FASI

Depreciation and amortization increased $1.4 million, or 63.6%, to $3.6 million for the year ended December 31, 2009 from $2.2 million for the year ended December 31, 2008. Depreciation and amortization expense as a percentage of FASI operating revenue was 5.0% for the year ended December 31, 2009 compared to 4.0% for the year ended December 31, 2008. Depreciation on tractors and trailers obtained in conjunction with our acquisitions of Pinch and Service Express accounted for $0.5 million of the increase in depreciation and amortization. Amortization of intangible assets also increased $0.3 million due to intangible assets acquired with the Pinch and Service Express acquisitions. The remaining $0.6 million increase was attributable to amortization of FASTRACS, our internally developed software utilized in FASI's operation, depreciation on terminal improvements such as conveyors, security systems and office improvements and depreciation on non-rolling stock assets acquired with the Pinch and Service Express acquisitions.

Insurance and Claims

Insurance and claims expense increased $1.6 million, or 19.8%, to $9.7 million for the year ended December 31, 2009 from $8.1 million for the year ended December 31, 2008. Insurance and claims was 2.3% of consolidated operating revenue during 2009 compared with 1.7% in 2008.

Forward Air

Forward Air insurance and claims expense increased $0.3 million, or 4.1% to $7.6 million for the year ended December 31, 2009 from $7.3 million for the year ended December 31, 2008. Insurance and claims as a percentage of Forward Air's operating revenue was 2.2% in the year ended December 31, 2009 compared to 1.7% for the year ended December 31, 2008. The increase is the result of increases in our loss development reserves and the fees associated with investigation and defense of our vehicle liability. Adjustments to our loss development reserves for vehicle accidents increased by approximately $0.5 million during the year ended December 31, 2009 compared to year ended December 31, 2008. These increases were based on actuarial analyses of Forward Air's vehicle accident claim experience performed during 2009. Additionally, professional fees associated with investigation and defense of our vehicle liability increased $0.3 million during 2009 compared to 2008. These increases were offset by a $0.4 million and a $0.1 million decrease in vehicle accident damages and cargo claims, respectively. These decreases were the result of the reduced shipping activity discussed above.

FASI

FASI insurance and claims increased $1.3 million to $2.1 million for the year ended December 31, 2009 from $0.8 million for the year ended December 31, 2008. As a percentage of operating revenue, insurance and claims was 2.9% for the year ended December 31, 2009 compared to 1.4% for the year ended December 31, 2008. The $1.3 million increase in insurance and claims is primarily attributable to a $1.1 million increase in cargo claims and a $0.2 million increase in insurance premiums and vehicle claims for the year ended December 31, 2009 compared to the year ended December 31, 2008. The increase in both is primarily attributable to the increased shipping activity and claims experience associated with our recent acquisitions.

Fuel Expense

Fuel expense decreased $4.2 million, or 36.5%, to $7.3 million in the year ended December 31, 2009 from $11.5 million in the year ended December 31, 2008. Fuel expense was 1.8% of consolidated operating revenue for the year ended December 31, 2009 compared with 2.4% for the year ended December 31, 2008.

Forward Air

Forward Air fuel expense decreased $2.7 million, or 46.6%, to $3.1 million for the year ended December 31, 2009 from $5.8 million in the year ended December 31, 2008. Fuel expense was 0.9% of Forward Air's operating revenue for the year ended December 31, 2009 compared to 1.4% for the year ended December 31, 2008. The decrease was primarily due to the significant reduction in average fuel prices and the year over year decline in business volumes discussed above.

FASI

FASI fuel expense decreased $1.5 million, or 26.3%, to $4.2 million for the year ended December 31, 2009 from $5.7 million for the year ended December 31, 2008. Fuel expenses were 5.8% of FASI operating revenue during the year ended December 31, 2009 compared to 10.3% for the year ended December 31, 2008. FASI fuel expense is significantly higher as a percentage of operating revenue than Forward Air's fuel expense, as FASI utilizes a higher ratio of Company-employed drivers and Company-owned or leased vehicles in its operations than Forward Air. The decrease in fuel expense was primarily due to the significant reduction in average fuel prices during 2009 as compared to 2008 offset by increased activity as a result of the Pinch and Service Express acquisitions.

Other Operating Expenses

Other operating expenses decreased $3.6 million, or 9.5%, to $34.4 million for the year ended December 31, 2009 from $38.0 million for the year ended December 31, 2008. Other operating expenses were 8.3% of consolidated operating revenue for the year ended December 31, 2009 compared with 8.0% for the year ended December 31, 2008.

Forward Air

Forward Air other operating expenses decreased $4.4 million, or 13.7%, to $27.7 million for the year ended December 31, 2009 from $32.1 million for the year ended December 31, 2008. Forward Air other operating expenses were 8.0% of operating revenue for the year ended December 31, 2009 compared to 7.6% for the year ended December 31, 2008. The increase as a percentage of revenue is the result of expenses not decreasing at the same rate as revenue. Volume related expenses such as tires, dock supplies, maintenance and agent station fees decreased $5.5 million, or 23.1%, in 2009 compared to 2008. However, these decreases were partially offset by a $1.1 million increase in property and other taxes largely associated with our Company- -owned terminals. The $1.1 million increase in property and other taxes is partially attributable to other operating expenses for 2008 including a $0.2 million reduction related to the reversal of previous accruals for fines and penalties associated with the settlement of a dispute with a state taxing authority. The dispute was settled with the state taxing authority during the third quarter of 2008 for less than the amount previously reserved.

FASI

FASI other operating expenses increased $0.9 million, or 15.3%, to $6.8 million for the year ended December 31, 2009 compared to $5.9 million for the year ended December 31, 2008. FASI other operating expenses were 9.4% of operating revenue for the year ended December 31, 2009 compared to 10.7% for the year ended December 31, 2008. The increase is attributable to increased volume related expenses, such as dock supplies, tires, and vehicle maintenance. The increase in the volume related expenses was directly related to the increased revenue activity associated with the acquisitions of Pinch and Service Express. The decrease as a percentage of revenue is attributable to the increase in revenue outpacing the increase in other operating expenses.

Intercompany Eliminations

Intercompany eliminations were $0.1 million during the year ended December 31, 2009. The intercompany eliminations are for agent station services FASI provided to Forward Air during the year ended December 31, 2009. FASI did not provide agent station services to Forward Air during 2008.

Impairment of Goodwill and Other Intangible Assets

Impairment of goodwill and other intangible assets was $7.2 million during the year ended December 31, 2009. Impairment of goodwill was 1.7% of consolidated operating revenue for year ended December 31, 2009.

Forward Air

Impairment of goodwill and other intangible assets was $0.2 million, or 0.1%, of Forward Air operating revenue, during the year ended December 31, 2009. During the year ended December 31, 2009, Forward Air recorded a $0.2 million charge to write off the net book value of certain truckload and cargo handling customer relationships that had been discontinued during 2009.

FASI

During the first quarter of 2009, we determined there were indicators of potential impairment of the goodwill assigned to the FASI segment. This determination was made based on the continuing economic recession, declines in current market valuations and FASI operating losses in excess of expectations. As a result, we performed an interim impairment test as of March 31, 2009. Based on the results of the impairment test, we recorded a non-cash goodwill impairment charge of $7.0 million related to the FASI segment during 2009.

Income from Operations

Income from operations decreased by $51.7 million, or 73.5%, to $18.6 million for the year ended December 31, 2009 compared with $70.3 million for the year ended December 31, 2008. Income from operations was 4.4% of consolidated operating revenue for the year ended December 31, 2009 compared with 14.8% for the year ended December 31, 2008.

Forward Air

Income from operations decreased by $43.8 million, or 62.0%, to $26.9 million for the year ended December 31, 2009 compared with $70.7 million for the year ended December 31, 2008. Forward Air's income from operations was 7.8% of operating revenue for the year ended December 31, 2009 compared with 16.8% for the year ended December 31, 2008. The decrease in income from operations was primarily the result of the decreased transportation and net fuel surcharge revenues discussed above and our inability during 2009 to reduce expenses at the same pace as the decline in total revenues.

FASI

FASI loss from operations increased approximately $7.9 million to a $8.3 million loss from operations for the year ended December 31, 2009 from a loss from operations of $0.4 million for the year ended December 31, 2008. FASI loss from operations was 11.4% of operating revenue for the year ended December 31, 2009 compared with 0.7% for the year ended December 31, 2008. The increase in FASI's loss from operations was primarily driven by the $7.0 million non-cash, goodwill impairment charge. Also driving the increase in the operating loss was the lower than projected business volumes.

Interest Expense

Interest expense decreased approximately $0.5 million, or 41.7%, to $0.7 million for the year ended December 31, 2009 compared to $1.2 million for year ended December 31, 2008. The decrease in interest expense was the result of the decline in the average interest rate on net borrowings of our senior credit facility.

Other Income, Net

Other, net was income of $0.1 million for the year ended December 31, 2009 compared with income of $0.3 million for the year ended December 31, 2008. The decrease in other income was attributable to decreased average cash and investment balances as well as lower returns received on cash invested driven by the decline in short term interest rates.

Provision for Income Taxes

The combined federal and state effective tax rate for the year ended December 31, 2009 was 45.3% compared to a rate of 38.7% for the year ended December 31, 2008. The increase in our effective tax rate is primarily attributable to the decline in our income before income taxes combined with an increase in share-based compensation on incentive stock options. The share-based compensation for incentive stock options is mostly not deductible for income tax reporting. Also, increasing the effective tax rate was the establishment of a $0.2 million valuation allowance on FASI's net state deferred tax assets and a $0.2 million reserve for a state income tax contingency.

The effective rate for the year ended December 31, 2008 was reduced by a $0.3 million decrease in state income tax expense, net of federal benefit, for the settlement of a dispute with a state taxing authority. The dispute was settled with the state taxing authority during the third quarter of 2008 for less than the amount previously reserved.

Net Income

As a result of the foregoing factors, net income decreased by $32.7 million, or 76.9%, to $9.8 million for the year ended December 31, 2009 compared to $42.5 million for the year ended December 31, 2008.

Discussion of Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("GAAP"). The preparation of financial statements in accordance with GAAP requires our management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Our estimates and assumptions are based on historical experience and changes in the business environment. However, actual results may differ from estimates under different conditions, sometimes materially. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results and require management's most subjective judgments.

Allowance for Doubtful Accounts

We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances in which management is aware of a specific customer's inability to meet its financial obligations to us (for example, bankruptcy filings or accounts turned over for collection or litigation), we record a specific reserve for these bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we recognize reserves for these bad debts based on the length of time the receivables are past due. Specifically, amounts that are 90 days or more past due are reserved at 50.0% for Forward Air and 25.0% for FASI. If circumstances change (i.e., we experience higher than expected defaults or an unexpected material adverse change in a customer's ability to meet its financial obligations to us), the estimates of the recoverability of amounts due to us could be changed by a material amount. Accounts are written off after all means of collection, including legal action, have been exhausted.

Allowance for Revenue Adjustments

Our allowance for revenue adjustments consists of amounts reserved for billing rate changes that are not captured upon load initiation. These adjustments generally arise: (i) when the sales department contemporaneously grants small rate changes ("spot quotes") to customers that differ from the standard rates in the system; (ii) when freight requires dimensionalization or is reweighed resulting in a different required rate; (iii) when billing errors occur; and (iv) when data entry errors occur. When appropriate, permanent rate changes are initiated and reflected in the system. We monitor the manual revenue adjustments closely through the employment of various controls that are in place to ensure that revenue recognition is not compromised and that fraud does not occur. During 2010, average revenue adjustments per month were approximately $0.1 million, on average revenue per month of approximately $40.3 million (less than 1.0% of monthly revenue). In order to estimate the allowance for revenue adjustments related to ending accounts receivable, we prepare an analysis that considers average monthly revenue adjustments and the average lag for identifying and quantifying these revenue adjustments. Based on this analysis, we establish an allowance for approximately 40-80 days (dependent upon experience in the preceding twelve months) of average revenue adjustments, adjusted for rebates and billing errors. The lag is periodically adjusted based on actual historical experience. Additionally, the average amount of revenue adjustments per month can vary in relation to the level of sales or based on other factors (such as personnel issues that could result in excessive manual errors or in excessive spot quotes being granted). Both of these significant assumptions are continually evaluated for validity.

Self-Insurance Loss Reserves

Given the nature of our operating environment, we are subject to vehicle and general liability, workers' compensation and health insurance claims. To mitigate a portion of these risks, we maintain insurance for individual vehicle and general liability claims exceeding $0.5 million and workers' compensation claims and health insurance claims exceeding approximately $0.3 million, except in Ohio, where we are a qualified self-insured entity with an approximately $0.4 million self-insured retention. The amount of self-insurance loss reserves and loss adjustment expenses is determined based on an estimation process that uses information obtained from both company-specific and industry data, as well as general economic information. The estimation process for self-insurance loss exposure requires management to continuously monitor and evaluate the life cycle of claims. Using data obtained from this monitoring and our assumptions about the emerging trends, management develops information about the size of ultimate claims based on its historical experience and other available market information. The most significant assumptions used in the estimation process include determining the trend in loss costs, the expected consistency in the frequency and severity of claims incurred but not yet reported, changes in the timing of the reporting of losses from the loss date to the notification date, and expected costs to settle unpaid claims. Management also monitors the reasonableness of the judgments made in the prior year's estimation process (referred to as a hindsight analysis) and adjusts current year assumptions based on the hindsight analysis. Additionally, we utilize actuarial analysis to evaluate open vehicle liability and workers' compensation claims and estimate the ongoing development exposure.

Revenue Recognition

Operating revenue and related costs are recognized as of the date shipments are completed. The transportation rates we charge our customers consist of base transportation rates and fuel surcharge rates. The revenues earned and related direct freight expenses incurred from our base transportation services are recognized on a gross basis in revenue and in purchased transportation. Transportation revenue is recognized on a gross basis as we are the primary obligor. The fuel surcharges billed to customers and paid to owner-operators and third party transportation providers are recorded on a net basis in revenue as we are not the primary obligor with regards to the fuel surcharges.

Income Taxes

We account for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be recovered or settled. Also, we report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in interest expense and operating expenses, respectively.

At December 31, 2010, we had state net operating loss carryforwards of $10.1 million that will expire between 2013 and 2026. The use of these state net operating losses is limited to the future taxable income of separate legal entities. Based on expectations of future taxable income, management believes that it is more likely than not that the results of operations will not generate sufficient taxable income to realize the net operating loss benefits for $6.5 million in state loss carryforwards. As a result, a valuation allowance has been provided for $6.5 million of the state loss carryforwards. The valuation allowance on these certain state loss carryforwards was approximately $0.3 million at December 31, 2009 and was unchanged during 2010.

We have also established a valuation allowance of approximately $0.1 million on the state portion of FASI's net deferred tax assets. This valuation allowance was established based on expectations of future taxable income as management believes that it is more likely than not that the results of FASI operations will not generate sufficient taxable income to realize the state benefit of the net deferred tax assets. Due to a reduction in FASI net deferred tax assets, this valuation allowance was reduced from approximately $0.2 million at December 31, 2009.

Valuation of Goodwill

We conduct an annual (or more frequently if circumstances indicate possible impairment) impairment test of goodwill for each reportable segment at June 30 of each year. The first step of the goodwill impairment test is the estimation of each reportable segment's fair value. If step one indicates that impairment potentially exists, the second step is performed to measure the amount of the impairment, if any. Goodwill impairment exists when the calculated implied fair value of goodwill is less than its carrying value. Changes in strategy or market conditions could significantly impact these fair value estimates and require adjustments to recorded asset balances.

We calculate the fair value of the applicable reportable segments, using a combination of discounted projected cash flows and market valuations as of the valuation date for comparable companies. Changes in strategy or market conditions could significantly impact the judgments and assumptions made in the fair value calculations and require adjustments to recorded asset balances. The estimation of fair value related to the impairment test for goodwill is particularly sensitive to projected financial information used in the calculations. Our fair value calculations for goodwill are classified within level 3 of the fair value hierarchy as defined in the FASB Codification.

For example, during the first quarter of 2009, we determined there were indicators of potential impairment of the goodwill assigned to the FASI segment. This determination was based on the continuing economic recession, declines in current market valuations and FASI operating losses in excess of expectations. As a result, we performed an interim impairment test in accordance with our accounting policy discussed above as of March 31, 2009. Based on the results of the interim impairment test, we concluded that an impairment loss was probable and could be reasonably estimated. Consequently, we recorded a non-cash goodwill impairment charge of $7.0 million related to the FASI segment during the first quarter of 2009.

Share-Based Compensation

Our general practice has been to make a single annual grant to key employees and to generally make other grants only in connection with new employment or promotions. In addition, we make annual grants to non-employee directors in conjunction with their annual election to our Board of Directors or at the time of their appointment to the Board of Directors. During the year ended December 31, 2006, we granted non-vested shares to key employees, but returned to granting stock options during the year ended December 31, 2007. For non-employee directors, we have granted non-vested shares annually beginning in 2006.

Stock options typically expire seven years from the grant date and vest ratably over a three-year period. The share-based compensation for stock options are recognized, net of estimated forfeitures, ratably over the requisite service period, or vesting period. Based on our historical experience, forfeitures are estimated. We use the Black-Scholes option-pricing model to estimate the grant-date fair value of options granted. The following table contains the weighted-average assumptions used to estimate the fair value of options granted. These assumptions are highly subjective and changes in these assumptions can materially affect the fair value estimate.

	December 31, 2010	**December 31, 2009**	**December 31, 2008**
Expected dividend yield	1.3%	0.9%	0.8%
Expected stock price volatility	45.7%	42.3%	35.2%
Weighted average risk-free interest rate	2.5%	2.0%	2.8%
Expected life of options (years)	4.5	4.5	4.5

The fair value of non-vested shares issued were estimated using the closing market prices for the business day of the grant. The share-based compensation for the non-vested shares is recognized, net of estimated forfeitures, ratably over the requisite service period or vesting period. Forfeitures are estimated based on our historical experience, but will be adjusted for future changes in forfeiture experience.

Under the ESPP, which has been approved by our shareholders, we are authorized to issue shares of Common Stock to our employees. These shares may be issued at a price equal to 90.0% of the lesser of the market value on the first day or the last day of each six-month purchase period. Common Stock purchases are paid for through periodic payroll deductions and/or up to two large lump sum contributions. We recognize share-based compensation on the date of purchase based on the difference between the purchase date fair market value and the employee purchase price.

Operating Leases

Certain operating leases include rent increases during the initial lease term. For these leases, we recognize the related rental expenses on a straight-line basis over the term of the lease, which includes any rent holiday period, and records the difference between the amounts charged to operations and amount paid as rent as a rent liability. Leasehold improvements are amortized over the shorter of the estimated useful life or the initial term of the lease.

Impact of Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("the FASB") expanded the disclosure requirements for fair value measurements. The expanded disclosures will require a greater level of disaggregated information and additional disclosures about valuation techniques and inputs to fair value measurements. The amendment will require expanded disclosures on transfers in and out of Level 1 and Level 2 fair values, activity in Level 3 investments and inputs and valuation techniques. The new disclosure requirements and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements involving activity in Level 3 fair value measurements. Those disclosure requirements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the provisions of this amendment required in the first interim period after December 15, 2009 did not have a material impact on our financial statement disclosures. In addition, the adoption of the provisions of this amendment required for periods beginning after December 15, 2010 is not expected to have a material impact on our financial statement disclosures.

In June 2009, the FASB amended rules regarding the transfer and servicing of financial assets and the extinguishment of financial assets. The amended guidance eliminates the concept of a qualifying special-purpose entity ("QSPE"); clarifies and amends the derecognition criteria for a transfer to be accounted for as a sale; amends and clarifies the unit of account eligible for sale accounting; and requires that a transferor initially be measured at fair value and recognize all assets obtained (for example beneficial interests) and liabilities incurred as a result of a transfer of an entire financial asset or group of financial assets accounted for as a sale. Additionally, on and after the effective date of the amended guidance, existing QSPEs (as defined under previous accounting standards) must be evaluated for consolidation by reporting entities in accordance with the applicable consolidation guidance. The amended guidance requires enhanced disclosures about, among other things, a transferor's continuing involvement with transfers of financial assets accounted for as sales, the risks inherent in the transferred financial assets that have been retained, and the nature and financial effect of restrictions on the transferor's assets that continue to be reported in the statement of financial position. Our adoption of the amended guidance on January 1, 2010, did not have a significant impact on our financial position, results of operations and cash flows.

In June 2009, the FASB amended its rules regarding the consolidation of variable interest entities ("VIE"). The FASB also amended the guidance governing the determination of whether an enterprise is the primary beneficiary of a VIE, and is, therefore, required to consolidate an entity, by requiring a qualitative analysis rather than a quantitative analysis. The qualitative analysis will include, among other things, consideration of who has the power to direct the activities of the entity that most significantly impact the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This standard also requires continuous reassessments of whether an enterprise is the primary beneficiary of a VIE. Previously, FASB rules required reconsideration of whether an enterprise was the primary beneficiary of a VIE only when specific events had occurred. QSPEs, which were previously exempt from the application of rules regarding VIE, will be subject to the provisions of these new rules when they become effective. The amended guidance also requires enhanced disclosures about an enterprise's involvement with a VIE. We adopted the amended guidance on January 1, 2010, and this adoption did not have a significant impact on our financial position, results of operations and cash flows.

Liquidity and Capital Resources

We have historically financed our working capital needs, including capital expenditures, with cash flows from operations and borrowings under our bank lines of credit. Net cash provided by operating activities totaled approximately $54.0 million for the year ended December 31, 2010 compared to approximately $50.2 million for the year ended December 31, 2009. The increase in cash provided by operating activities is mainly attributable to a $19.4 million increase in net earnings after consideration of non-cash items offset by a $7.7 million reduction in cash provided by accounts receivable and a $7.9 million increase in cash used to fund other assets. The decrease in cash from accounts receivable is largely attributable to the increase in business volumes during the year ended December 31, 2010, resulting in revenues that will not be collected until early 2011. The increase in cash used to fund other assets is largely attributable to increased estimated income tax payments in conjunction with the increase in earnings before income taxes.

Net cash used in investing activities was approximately $13.9 million for the year ended December 31, 2010 compared with approximately $20.2 million used in investing activities during the year ended December 31, 2009. Investing activities during the year ended December 31, 2010 consisted primarily of capital expenditures for new tractors, trailers and vehicles to replace aging units. The $1.5 million of proceeds from disposal of property and equipment includes approximately $1.3 million of cash received from a lessor as part of final settlement on the terminated capital lease discussed previously. Cash used for investing activities during the year ended December 31, 2009 included capital expenditures primarily for the Dallas/Fort Worth regional hub that was completed at the beginning of the third quarter of 2009.

Net cash used in financing activities totaled approximately $7.6 million for the year ended December 31, 2010 compared with approximately $10.0 million used in financing activities during the year ended December 31, 2009. Cash used in financing activities for the years ended December 31, 2010 and 2009 mainly included our quarterly dividend payments and scheduled capital lease payments. The reduction in cash used for financing activities is attributable to reduced capital lease and debt payments and increased proceeds from stock option exercises. Capital lease and debt payments decreased as certain capital leases and notes payable assumed with past acquisitions reached their scheduled maturity dates.

We currently have access to a $100.0 million senior credit facility. The facility expires in October 2012 and includes an accordion feature, which if approved by our lender, allows for an additional $50.0 million in borrowings. However, at this time we believe that to access the accordion feature our lender would require that the interest rates for the senior credit facility be reset to match current market rates. Interest rates for advances under the senior credit facility are at LIBOR plus 0.6% to 0.9% based upon covenants related to total indebtedness to earnings. At December 31, 2010, we had $38.3 million of available borrowing capacity under the senior credit facility, not including the accordion feature, and had utilized $11.7 million of availability for outstanding letters of credit.

On July 31, 2007, our Board of Directors approved an additional stock repurchase program for up to two million shares of our Common Stock (the "2007 Repurchase Plan"). No shares were repurchased during the years ended December 31, 2010, 2009 and 2008. As of December 31, 2010, 1,788,827 shares remained eligible for repurchase under the 2007 Repurchase Plan.

During each quarter of 2010, 2009 and 2008, cash dividends of $0.07 per share were declared on Common Stock outstanding. We expect to continue to pay regular quarterly cash dividends, though each subsequent quarterly dividend is subject to review and approval by our Board of Directors.

We believe that our available cash, investments, expected cash generated from future operations and borrowings under the available senior credit facility will be sufficient to satisfy our anticipated cash needs for at least the next twelve months.

Off-Balance Sheet Arrangements

At December 31, 2010, we had letters of credit outstanding from banks totaling $11.7 million required primarily by our workers' compensation and vehicle liability insurance providers.

Contractual Obligations and Commercial Commitments

Our contractual obligations and other commercial commitments as of December 31, 2010 (in thousands) are summarized below:

Contractual Obligations	Payment Due Period				
	Total	2011	2012-2013	2014-2015	2016 and Thereafter
Capital lease obligations	$ 1,624	$ 705	$ 871	$ 48	$ --
Equipment purchase commitments	14,211	14,211	--	--	--
Operating leases	87,793	20,566	31,518	21,825	13,884
Senior credit facility	50,000	--	50,000	--	--
Total contractual cash obligations	$ 153,628	$ 35,482	$ 82,389	$ 21,873	$ 13,884

Not included in the above table are reserves for unrecognized tax benefits and for self insurance claims of $0.9 million and $10.6 million, respectively.

Forward-Looking Statements

This report contains "forward-looking statements," as defined in Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or our future financial performance. Some forward-looking statements may be identified by use of such terms as "believes," "anticipates," "intends," "plans," "estimates," "projects" or "expects." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the forward-looking statements: economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, our inability to maintain our historical growth rate because of a decreased volume of freight moving through our network or decreased average revenue per pound of freight moving through our network, increasing competition and pricing pressure, surplus inventories, loss of a major customer, the creditworthiness of our customers and their ability to pay for services rendered, our ability to secure terminal facilities in desirable locations at reasonable rates, the inability of our information systems to handle an increased volume of freight moving through our network, changes in fuel prices, claims for property damage, personal injuries or workers' compensation, employment matters including rising health care costs, enforcement of and changes in governmental regulations, environmental and tax matters, the handling of hazardous materials, the availability and compensation of qualified independent owner-operators and freight handlers needed to serve our transportation needs and our inability to successfully integrate acquisitions. As a result of the foregoing, no assurance can be given as to future financial condition, cash flows or results of operations. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk relates principally to changes in interest rates and fuel prices. Our interest rate exposure relates principally to changes in interest rates for borrowings under our senior credit facility. The senior credit facility, which represents an aggregate principal amount of $50.0 million at December 31, 2010, bears interest at variable rates. Based on our outstanding borrowings at December 31, 2010, a hypothetical increase in our senior credit facility borrowing rate of 150 basis points, or an increase in the total effective interest rate from 0.9% to 2.4%, would increase our annual interest expense by approximately $0.8 million and would have decreased our annual cash flow from operations by approximately $0.8 million. Under our senior credit facility our interest rate has been consistently below market rates and our interest rate risk is not considered material.

Our only other debt is capital lease obligations totaling $1.5 million. These lease obligations all bear interest at a fixed rate. Accordingly, there is no exposure to market risk related to these capital lease obligations.

We are exposed to the effects of changes in the price and availability of diesel fuel, as more fully discussed in Item 1A, "Risk Factors."

Our cash and cash equivalents are also subject to market risk, primarily interest-rate and credit risk.

Item 8. Financial Statements and Supplementary Data

The response to this item is submitted as a separate section of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2010. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in this annual report on Form 10-K has been appropriately recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2010. In making this assessment, management used the framework set forth by the Committee on Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*. Based on our assessment, we have concluded, as of December 31, 2010, that our internal control over financial reporting was effective based on those criteria.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements for the year ended December 31, 2010, has issued an attestation report on the Company's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Forward Air Corporation

We have audited Forward Air Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Forward Air Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Forward Air Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Forward Air Corporation as of December 31, 2010 and 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2010, of Forward Air Corporation and our report dated February 24, 2011, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 24, 2011

Item 9B. Other Information

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item with respect to our directors is incorporated herein by reference to our proxy statement for the 2011 Annual Meeting of Shareholders (the "2010 Proxy Statement"). The 2011 Proxy Statement will be filed with the SEC not later than 120 days subsequent to December 31, 2010.

Pursuant to Item 401(b) of Regulation S-K, the information required by this item with respect to our executive officers is set forth in Part I of this report.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the 2011 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

The information required by this item is incorporated herein by reference to the 2011 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to the 2011 Proxy Statement.

Item 14. Principal Accounting Fees and Services

The information required by this item is incorporated herein by reference to the 2011 Proxy Statement.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) and (2) List of Financial Statements and Financial Statement Schedules.

The response to this portion of Item 15 is submitted as a separate section of this report.

(a)(3) List of Exhibits.

The response to this portion of Item 15 is submitted as a separate section of this report.

(b) Exhibits.

The response to this portion of Item 15 is submitted as a separate section of this report.

(c) Financial Statement Schedules.

The response to this portion of Item 15 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Forward Air Corporation

Date: February 24, 2011

By:
/s/ Rodney L. Bell
Rodney L. Bell
Chief Financial Officer,
Senior Vice President
and Treasurer (Principal
Financial Officer)

By:
/s/ Michael P. McLean
Michael P. McLean
Chief Accounting Officer,
Vice President
and Controller (Principal
Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Bruce A. Campbell Bruce A. Campbell	Chairman, President and Chief Executive Officer (Principal Executive Officer)	February 24, 2011
/s/ Rodney L. Bell Rodney L. Bell	Chief Financial Officer, Senior Vice President and Treasurer (Principal Financial Officer)	February 24, 2011
/s/ Michael P. McLean Michael P. McLean	Chief Accounting Officer, Vice President and Controller (Principal Accounting Officer)	February 24, 2011
/s/ G. Michael Lynch G. Michael Lynch	Lead Director	February 24, 2011
/s/ Ron W. Allen Ron W. Allen	Director	February 24, 2011
/s/ C. Robert Campbell C. Robert Campbell	Director	February 24, 2011
/s/ Richard W. Hanselman Richard W. Hanselman	Director	February 24, 2011
/s/ C. John Langley, Jr. C. John Langley, Jr.	Director	February 24, 2011
/s/ Tracy A. Leinbach Tracy A. Leinbach	Director	February 24, 2011
/s/ Larry D. Leinweber Larry D. Leinweber	Director	February 24, 2011
/s/ Ray A. Mundy Ray A. Mundy	Director	February 24, 2011
/s/ Gary L. Paxton Gary L. Paxton	Director	February 24, 2011

Annual Report on Form 10-K

Item 8, Item 15(a)(1) and (2), (a)(3), (b) and (c)

List of Financial Statements and Financial Statement Schedule

Financial Statements and Supplementary Data

Certain Exhibits

Financial Statement Schedule

Year Ended December 31, 2010

Forward Air Corporation

Greeneville, Tennessee

Forward Air Corporation

Form 10-K — Item 8 and Item 15(a)(1) and (2)

Index to Financial Statements and Financial Statement Schedule

The following consolidated financial statements of Forward Air Corporation are included as a separate section of this report:

The following financial statement schedule of Forward Air Corporation is included as a separate section of this report.

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Forward Air Corporation

We have audited the accompanying consolidated balance sheets of Forward Air Corporation as of December 31, 2010 and 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Forward Air Corporation at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Forward Air Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2011, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Nashville, Tennessee
February 24, 2011

Forward Air Corporation
Consolidated Balance Sheets
(Dollars in thousands)

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 74,504	$ 42,035
Accounts receivable, less allowance of $1,996 in 2010 and $1,919 in 2009	62,763	55,720
Inventories	830	938
Prepaid expenses and other current assets	5,717	5,272
Deferred income taxes	2,149	3,261
Total current assets	145,963	107,226
Property and equipment:		
Land	16,928	16,928
Buildings	65,433	68,444
Equipment	123,989	111,728
Leasehold improvements	5,907	5,243
Construction in progress	1,447	2,373
Total property and equipment	213,704	204,716
Less accumulated depreciation and amortization	87,272	75,990
Net property and equipment	126,432	128,726
Goodwill and other acquired intangibles:		
Goodwill	43,332	43,332
Other acquired intangibles, net of accumulated amortization of $16,871 in 2010 and $12,281 in 2009	31,259	35,849
Total net goodwill and other acquired intangibles	74,591	79,181
Other assets	1,810	1,597
Total assets	$ 348,796	$ 316,730

The accompanying notes are an integral part of the consolidated financial statements.

Forward Air Corporation
Consolidated Balance Sheets (Continued)
(Dollars in thousands)

	December 31, 2010	December 31, 2009
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 10,687	$ 10,333
Accrued payroll and related items	5,858	5,394
Insurance and claims accruals	5,647	5,622
Payables to owner-operators	3,674	3,603
Collections on behalf of customers	430	697
Other accrued expenses	671	1,791
Income taxes payable	--	1,424
Current portion of capital lease obligations	638	898
Current portion of long-term debt	--	21
Total current liabilities	27,605	29,783
Capital lease obligations, less current portion	883	2,169
Long-term debt, less current portion	50,000	50,000
Other long-term liabilities	8,106	4,485
Deferred income taxes	6,116	5,786
Commitments and contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, $0.01 par value		
Authorized shares - 5,000,000		
No shares issued	--	--
Common stock, $0.01 par value		
Authorized shares – 50,000,000		
Issued and outstanding shares – 29,030,919 in 2010 and 28,950,391 in 2009	290	290
Additional paid-in capital	24,300	16,631
Retained earnings	231,496	207,586
Total shareholders' equity	256,086	224,507
Total liabilities and shareholders' equity	$ 348,796	$ 316,730

The accompanying notes are an integral part of the consolidated financial statements.

Forward Air Corporation
Consolidated Statements of Income
(In thousands, except per share data)

	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Operating revenue:			
Forward Air			
Airport-to-airport	$ 321,702	$ 268,245	$ 334,860
Logistics	64,935	54,067	59,290
Other	25,130	23,076	25,133
Forward Air Solutions			
Pool distribution	72,172	72,022	55,153
Total operating revenue	483,939	417,410	474,436
Operating expenses:			
Purchased transportation			
Forward Air			
Airport-to-airport	129,111	112,516	128,785
Logistics	50,225	42,188	44,560
Other	6,288	5,234	6,425
Forward Air Solutions			
Pool distribution	15,747	14,490	9,315
Total purchased transportation	201,371	174,428	189,085
Salaries, wages and employee benefits	129,108	118,804	116,504
Operating leases	26,252	27,294	24,403
Depreciation and amortization	20,450	19,722	16,615
Insurance and claims	8,425	9,719	8,099
Fuel expense	8,461	7,312	11,465
Other operating expenses	36,133	34,424	37,980
Impairment of goodwill and other intangible assets	--	7,157	--
Total operating expenses	430,200	398,860	404,151
Income from operations	53,739	18,550	70,285
Other income (expense):			
Interest expense	(730)	(670)	(1,236)
Other, net	90	69	362
Total other expense	(640)	(601)	(874)
Income before income taxes	53,099	17,949	69,411
Income taxes	21,063	8,147	26,869
Net income	$ 32,036	$ 9,802	$ 42,542
Net income per share:			
Basic	$ 1.11	$ 0.34	$ 1.48
Diluted	$ 1.10	$ 0.34	$ 1.47
Weighted average shares outstanding:			
Basic	28,984	28,928	28,808
Diluted	29,111	28,993	29,025
Dividends per share:	$ 0.28	$ 0.28	$ 0.28

The accompanying notes are an integral part of the consolidated financial statements.

Forward Air Corporation
Consolidated Statements of Shareholders' Equity
(In thousands, except per share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2007	28,648	$ 286	$ --	$ 171,447	$ 171,733
Net and comprehensive income for 2008	--	--	--	42,542	42,542
Exercise of stock options	191	2	3,083	--	3,085
Common stock issued under employee stock purchase plan	10	--	255	--	255
Share-based compensation	--	--	6,269	(2)	6,267
Dividends ($0.28 per share)	--	--	2	(8,091)	(8,089)
Vesting of previously non-vested shares	56	1	(1)	--	--
Cash settlement of share-based awards for minimum tax withholdings	(11)	--	(389)	--	(389)
Income tax benefit from stock options exercised	--	--	1,030	--	1,030
Balance at December 31, 2008	28,894	289	10,249	205,896	216,434
Net and comprehensive income for 2009	--	--	--	9,802	9,802
Exercise of stock options	1	--	8	--	8
Common stock issued under employee stock purchase plan	12	--	237	--	237
Share-based compensation	--	--	6,754	--	6,754
Dividends ($0.28 per share)	--	--	3	(8,112)	(8,109)
Vesting of previously non-vested shares	56	1	(1)	--	--
Cash settlement of share-based awards for minimum tax withholdings	(13)	--	(249)	--	(249)
Income tax expense from stock options exercised	--	--	(370)	--	(370)
Balance at December 31, 2009	28,950	290	16,631	207,586	224,507
Net and comprehensive income for 2010	--	--	--	32,036	32,036
Exercise of stock options	46	--	991	--	991
Common stock issued under employee stock purchase plan	8	--	195	--	195
Share-based compensation	--	--	6,284	--	6,284
Dividends ($0.28 per share)	--	--	5	(8,126)	(8,121)
Vesting of previously non-vested shares	27	--	--	--	--
Income tax benefit from stock options exercised	--	--	194	--	194
Balance at December 31, 2010	29,031	$ 290	$ 24,300	$ 231,496	$ 256,086

The accompanying notes are an integral part of the consolidated financial statements.

Forward Air Corporation
Consolidated Statements of Cash Flows
(In thousands)

	Year ended		
	December 31, 2010	**December 31, 2009**	**December 31, 2008**
Operating activities:			
Net income	$ 32,036	$ 9,802	$ 42,542
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	20,450	19,722	16,615
Impairment of goodwill and other intangible assets	--	7,157	--
Share-based compensation	6,284	6,754	6,267
(Gain) loss on disposal of property and equipment	(570)	(6)	171
Provision for (recovery) loss on receivables	(52)	(60)	903
Provision for revenue adjustments	1,589	2,390	4,259
Deferred income taxes	1,436	(4,581)	1,151
Tax (benefit) expense for stock options exercised	(194)	370	(1,030)
Changes in operating assets and liabilities, net of acquisitions			
Accounts receivable	(8,580)	(844)	(2,376)
Prepaid expenses and other current assets	(40)	548	(2,102)
Accounts payable and accrued expenses	3,022	3,831	(2,665)
Income taxes	(1,386)	5,096	(4,652)
Net cash provided by operating activities	53,995	50,179	59,083
Investing activities:			
Proceeds from disposal of property and equipment	1,482	270	87
Purchases of property and equipment	(15,148)	(20,847)	(26,699)
Acquisition of businesses	--	--	(29,566)
Other	(224)	372	(10)
Net cash used in investing activities	(13,890)	(20,205)	(56,188)
Financing activities:			
Payments of debt and capital lease obligations	(895)	(1,549)	(1,603)
Borrowings on line of credit	--	--	45,000
Payments on line of credit	--	--	(25,000)
Proceeds from exercise of stock options	991	8	3,085
Payments of cash dividends	(8,121)	(8,109)	(8,089)
Common stock issued under employee stock purchase plan	195	237	255
Cash settlement of share-based awards for minimum tax withholdings	--	(249)	(389)
Tax benefit (expense) for stock options exercised	194	(370)	1,030
Net cash (used in) provided by financing activities	(7,636)	(10,032)	14,289
Net increase in cash	32,469	19,942	17,184
Cash at beginning of year	42,035	22,093	4,909
Cash at end of year	$ 74,504	$ 42,035	$ 22,093
Non-cash activity:			
Unpaid capital expenditures included in accounts payable	$ --	$ 234	$ 1,640

The accompanying notes are an integral part of the consolidated financial statements

1. Accounting Policies

Basis of Presentation and Principles of Consolidation

Forward Air Corporation's ("the Company") services can be broadly classified into two principal segments: Forward Air, Inc. ("Forward Air") and Forward Air Solutions, Inc. ("FASI").

Through the Forward Air business the Company is a leading provider of time-definite transportation and related logistics services to the North American deferred air freight market and its activities can be broadly classified into three categories of services. Forward Air's airport-to-airport service operates a comprehensive national network for the time-definite surface transportation of deferred air freight. The airport-to-airport service offers customers local pick-up and delivery and scheduled surface transportation of cargo as a cost effective, reliable alternative to air transportation. Forward Air's logistics services provide expedited full truckload and dedicated fleet services. Forward Air's other services include shipment consolidation and deconsolidation, warehousing, customs brokerage, and other handling. The Forward Air segment primarily provides its transportation services through a network of terminals located at or near airports in the United States and Canada.

FASI provides pool distribution services throughout the Mid-Atlantic, Southeast, Midwest and Southwest continental United States. Pool distribution involves managing high-frequency handling and distribution of time-sensitive product to numerous destinations in specific geographic regions. FASI's primary customers for this product are regional and nationwide distributors and retailers, such as mall, strip mall and outlet-based retail chains.

The accompanying consolidated financial statements of the Company include Forward Air Corporation and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant areas requiring management estimates include the following key financial areas:

Allowance for Doubtful Accounts

The Company evaluates the collectability of its accounts receivable based on a combination of factors. In circumstances in which the Company is aware of a specific customer's inability to meet its financial obligations to the Company (for example, bankruptcy filings, accounts turned over for collection or litigation), the Company records a specific reserve for these bad debts against amounts due to reduce the net recognized receivable to the amount the Company reasonably believes will be collected. For all other customers, the Company recognizes reserves for these bad debts based on the length of time the receivables are past due. Specifically, amounts that are 90 days or more past due are reserved at 50.0% for Forward Air and 25.0% for FASI. If circumstances change (i.e., the Company experiences higher than expected defaults or an unexpected material adverse change in a customer's ability to meet its financial obligations to the Company), the estimates of the recoverability of amounts due to the Company could be changed by a material amount. Accounts are written off after all means of collection, including legal action, have been exhausted.

Allowance for Revenue Adjustments

The Company's allowance for revenue adjustments consists of amounts reserved for billing rate changes that are not captured upon load initiation. These adjustments generally arise: (1) when the sales department contemporaneously grants small rate changes ("spot quotes") to customers that differ from the standard rates in the system; (2) when freight requires dimensionalization or is reweighed resulting in a different required rate; (3) when billing errors occur; and (4) when data entry errors occur. When appropriate, permanent rate changes are initiated and reflected in the system. The Company monitors the manual revenue adjustments closely through the employment of various controls that are in place to ensure that revenue recognition is not compromised and that fraud does not occur. During 2010, average revenue adjustments per month were approximately $138, on average revenue per month of approximately $40,328 (less than 1.0% of monthly revenue). In order to estimate the allowance for revenue adjustments related to ending accounts receivable, the Company prepares an analysis that considers average monthly revenue adjustments and the average lag for identifying and quantifying these revenue adjustments. Based on this analysis, the Company establishes an allowance for approximately 40-80 days (dependent upon experience in the last twelve months) of average revenue adjustments, adjusted for rebates and billing errors. The lag is periodically adjusted based on actual historical experience. Additionally, the average amount of revenue adjustments per month can vary in relation to the level of sales or based on other factors (such as personnel issues that could result in excessive manual errors or in excessive spot quotes being granted). Both of these significant assumptions are continually evaluated for validity.

(In thousands, except share and per share data)

1. Accounting Policies (Continued)

Self-Insurance Loss Reserves

Given the nature of the Company's operating environment, the Company is subject to vehicle and general liability, workers' compensation and health insurance claims. To mitigate a portion of these risks, the Company maintains insurance for individual vehicle and general liability claims exceeding $500 and workers' compensation claims and health insurance claims exceeding $250, except in Ohio, where for workers' compensation we are a qualified self-insured entity with a $350 self-insured retention. The amount of self-insurance loss reserves and loss adjustment expenses is determined based on an estimation process that uses information obtained from both company-specific and industry data, as well as general economic information. The estimation process for self-insurance loss exposure requires management to continuously monitor and evaluate the life cycle of claims. Using data obtained from this monitoring and the Company's assumptions about the emerging trends, management develops information about the size of ultimate claims based on its historical experience and other available market information. The most significant assumptions used in the estimation process include determining the trend in loss costs, the expected consistency in the frequency and severity of claims incurred but not yet reported, changes in the timing of the reporting of losses from the loss date to the notification date, and expected costs to settle unpaid claims. Management also monitors the reasonableness of the judgments made in the prior year's estimation process (referred to as a hindsight analysis) and adjusts current year assumptions based on the hindsight analysis. Additionally, the Company utilizes actuarial analyses to evaluate open claims and estimate the ongoing development exposure.

Revenue Recognition

Operating revenue and related costs are recognized as of the date shipments are completed. The transportation rates the Company charges its customers consist of base transportation rates and fuel surcharge rates. The revenues earned and related direct freight expenses incurred from the Company's base transportation services are recognized on a gross basis in revenue and in purchased transportation. Transportation revenue is recognized on a gross basis as the Company is the primary obligor. The fuel surcharges billed to customers and paid to owner-operators and third party transportation providers are recorded on a net basis as the Company is not the primary obligor with regards to the fuel surcharges.

See discussions of concentrations of credit risk in Note 11.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Inventories

Inventories of tires, replacement parts, supplies, and fuel for equipment are stated at the lower of cost or market utilizing the FIFO (first-in, first-out) method of determining cost. Inventories of tires and replacement parts are not material in the aggregate. Replacement parts are expensed when placed in service, while tires are capitalized and amortized over their expected life. Replacement parts and tires are included as a component of other operating expenses in the consolidated statements of income.

Property and Equipment

Property and equipment are stated at cost. Expenditures for normal repair and maintenance are expensed as incurred. Depreciation of property and equipment is calculated based upon the cost of the asset, reduced by its estimated salvage value, using the straight-line method over the estimated useful lives as follows:

Buildings	30-40 years
Equipment	3-10 years
Leasehold improvements	Lesser of Useful Life or Initial Lease Term

Depreciation expense for each of the three years ended December 31, 2010, 2009 and 2008 was $15,860, $15,068 and $12,252, respectively.

(In thousands, except share and per share data)

1. Accounting Policies (Continued)

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized on assets classified as held and used when the sum of undiscounted estimated cash flows expected to result from the use of the asset is less than the carrying value. If such measurement indicates a possible impairment, the estimated fair value of the asset is compared to its net book value to measure the impairment charge, if any. When the criteria have been met for long-lived assets to be classified as held for sale, the assets are recorded at the lower of carrying value or fair market value (less selling costs).

Operating Leases

Certain operating leases include rent increases during the initial lease term. For these leases, the Company recognizes the related rental expenses on a straight-line basis over the term of the lease, which includes any rent holiday period, and records the difference between the amounts charged to operations and amount paid as rent as a rent liability.

Goodwill and Other Intangible Assets

Goodwill is recorded at cost based on the excess of purchase price over the fair value of net assets acquired. Goodwill and intangible assets with indefinite lives are not amortized but the Company conducts an annual (or more frequently if circumstances indicate possible impairment) impairment test of goodwill for each reportable segment at June 30 of each year. Other intangible assets are amortized over their useful lives. Results of impairment testing are described in Note 3, Goodwill and Other Long-Lived Assets.

Acquisitions are accounted for using the purchase method. The definite-lived intangible assets of the Company resulting from acquisition activity and the related amortization are described in Note 2**,** Acquisition of Businesses.

Software Development

Costs related to software developed or acquired for internal use are expensed or capitalized based on the applicable stage of software development and any capitalized costs are amortized over their estimated useful life. The Company typically uses a five-year straight line amortization for the capitalized amounts of software development costs. At December 31, 2010 and 2009 the Company had $7,443 and $6,112, respectively, of capitalized software development costs. Accumulated amortization on these assets was $3,889 and $2,588 at December 31, 2010 and 2009, respectively. Included in depreciation expense is amortization of capitalized software development costs. Amortization of capitalized software development for the years ended December 31, 2010, 2009 and 2008 was $1,301, $1,016 and $853, respectively. As of December 31, 2010 the estimated amortization expense for the next five years of capitalized software development costs is as follows:

2011	$	1,290
2012		646
2013		526
2014		463
2015		246
Total	$	3,171

Income Taxes

The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to be recovered or settled. We report a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. We recognize interest and penalties, if any, related to unrecognized tax benefits in interest expense and operating expenses, respectively.

Net Income Per Share

The Company calculates net income per share in accordance with the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, Earnings per Share (the "FASB Codification 260"). Under the FASB Codification 260, basic net income per share excludes any dilutive effects of options, warrants and convertible securities. Diluted net income per share includes any dilutive effects of options, warrants and convertible securities, and uses the treasury stock method in calculating dilution.

(In thousands, except share and per share data)

1. Accounting Policies (Continued)

Comprehensive Income

Comprehensive income includes any changes in the equity of the Company from transactions and other events and circumstances from non-operational sources. Unrealized gains and losses on available-for-sale securities are included in other comprehensive income for all years presented. Comprehensive income for the years ended December 31, 2010, 2009 and 2008 approximated net income.

Share-Based Payments

The Company's general practice has been to make a single annual grant of share-based compensation to key employees and to generally make other grants only in connection with new employment or promotions. In addition, the Company makes annual grants to non-employee directors in conjunction with their annual election to our Board of Directors or at the time of their appointment to the Board of Directors. During the year ended December 31, 2006, the Company granted non-vested shares of Common Stock ("non-vested shares") to key employees, but returned to granting stock options during the year ended December 31, 2007. For non-employee directors, the Company continued to issue non-vested shares during the years ended December 31, 2010, 2009 and 2008.

Stock options typically expire seven years from the grant date and vest ratably over a three-year period. The share-based compensation for these stock options and non-vested shares is recognized, net of estimated forfeitures, ratably over the requisite service period, or vesting period. Based on the Company's historical experience, forfeitures have been estimated. The Company uses the Black-Scholes option-pricing model to estimate the grant-date fair value of options granted. The fair values of non-vested shares issued to employees and non-employee directors were estimated using closing market prices for the business day of the grant. The following table contains the weighted-average assumptions used to estimate the fair value of options granted. These assumptions are highly subjective and changes in these assumptions can materially affect the fair value estimate.

	December 31, 2010	December 31, 2009	December 31, 2008
Expected dividend yield	1.3%	0.9%	0.8%
Expected stock price volatility	45.7%	42.3%	35.2%
Weighted average risk-free interest rate	2.5%	2.0%	2.8%
Expected life of options (years)	4.5	4.5	4.5

Under the 2005 Employee Stock Purchase Plan (the "ESPP"), which has been approved by shareholders, the Company is authorized to issue shares of Common Stock to eligible employees. These shares may be issued at a price equal to 90% of the lesser of the market value on the first day or the last day of each six-month purchase period. Common Stock purchases are paid for through periodic payroll deductions and/or up to two large lump sum contributions. We recognize share-based compensation on the date of purchase based on the difference between the purchase date fair market value and the employee purchase price.

Recently Issued Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("the FASB") expanded the disclosure requirements for fair value measurements. The expanded disclosures will require a greater level of disaggregated information and additional disclosures about valuation techniques and inputs to fair value measurements. The amendment will require expanded disclosures on transfers in and out of Level 1 and Level 2 fair values, activity in Level 3 investments and inputs and valuation techniques. The new disclosure requirements and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements involving activity in Level 3 fair value measurements. Those disclosure requirements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the provisions of this amendment required in the first interim period after December 15, 2009 did not have a material impact on the Company's financial statement disclosures. In addition, the adoption of the provisions of this amendment required for periods beginning after December 15, 2010 is not expected to have a material impact on the Company's financial statement disclosures.

(In thousands, except share and per share data)

1. Accounting Policies (Continued)

In June 2009, the FASB amended rules regarding the transfer and servicing of financial assets and the extinguishment of financial assets. The amended guidance eliminates the concept of a qualifying special-purpose entity ("QSPE"); clarifies and amends the derecognition criteria for a transfer to be accounted for as a sale; amends and clarifies the unit of account eligible for sale accounting; and requires that a transferor initially be measured at fair value and recognize all assets obtained (for example beneficial interests) and liabilities incurred as a result of a transfer of an entire financial asset or group of financial assets accounted for as a sale. Additionally, on and after the effective date of the amended guidance, existing QSPEs (as defined under previous accounting standards) must be evaluated for consolidation by reporting entities in accordance with the applicable consolidation guidance. The amended guidance requires enhanced disclosures about, among other things, a transferor's continuing involvement with transfers of financial assets accounted for as sales, the risks inherent in the transferred financial assets that have been retained, and the nature and financial effect of restrictions on the transferor's assets that continue to be reported in the statement of financial position. The Company adopted the amended guidance on January 1, 2010, and this adoption did not have a significant impact on the Company's financial position, results of operations and cash flows.

In June 2009, the FASB amended its rules regarding the consolidation of variable interest entities ("VIE"). The FASB also amended the guidance governing the determination of whether an enterprise is the primary beneficiary of a VIE, and is, therefore, required to consolidate an entity, by requiring a qualitative analysis rather than a quantitative analysis. The qualitative analysis will include, among other things, consideration of who has the power to direct the activities of the entity that most significantly impact the entity's economic performance and who has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. This standard also requires continuous reassessments of whether an enterprise is the primary beneficiary of a VIE. Previously, FASB rules required reconsideration of whether an enterprise was the primary beneficiary of a VIE only when specific events had occurred. QSPEs, which were previously exempt from the application of rules regarding VIEs, will be subject to the provisions of these new rules when they become effective. The amended guidance also requires enhanced disclosures about an enterprise's involvement with a VIE. The Company adopted the amended guidance on January 1, 2010, and this adoption did not have a significant impact on the Company's financial position, results of operations and cash flows.

2. Acquisition of Businesses

On September 8, 2008, the Company acquired certain assets and liabilities of Service Express, Inc. ("Service Express"). Service Express was a privately-held provider of pool distribution services primarily in the Mid-Atlantic and Southeastern continental United States. Service Express generated approximately $39,000 (unaudited) in revenue during the year ended December 31, 2007. The acquisition of Service Express' pool distribution services expanded the geographic footprint of the FASI segment in the Mid-Atlantic and Southeastern United States. The purchased assets and liabilities and the results of operations of Service Express have been included in the consolidated financial statements since September 8, 2008. The aggregate purchase price of $10,647 as allocated per the following table was paid with the Company's available cash and borrowings from the Company's senior credit facility.

	Service Express
Current assets	$ 258
Property and equipment	2,819
Customer relationships	6,000
Goodwill	5,204
Total assets acquired	14,281
Current liabilities	281
Capital lease obligations	3,353
Total liabilities assumed	3,634
Net assets acquired	$ 10,647

On March 17, 2008, the Company acquired certain assets and liabilities of Pinch Holdings, Inc. and its related company AFTCO Enterprises, Inc. and certain of their respective wholly owned subsidiaries ("Pinch"). Pinch was a privately-held provider of pool distribution, airport-to-airport, truckload, customs, and cartage services primarily in the Southwestern continental United States. Pinch generated approximately $35,000 (unaudited) in revenue during the year ended December 31, 2007. The acquisition of Pinch's pool distribution services expanded the geographic footprint of the FASI segment in the Southwestern United States. In addition to providing additional tonnage density to the Forward Air airport-to-airport network, the acquisition of Pinch's cartage and truckload business provides an opportunity for Forward Air to expand its service options in the Southwestern United States. The purchased assets and liabilities and the results of operations of Pinch have been included in the consolidated financial statements since March 17, 2008. The aggregate purchase price of $18,682 as allocated per the following table was paid with the Company's available cash and borrowings from the Company's senior credit facility.

(In thousands, except share and per share data)

2. Acquisition of Businesses (Continued)

	Forward Air	FASI	Total
Current assets	$ 72	$ --	$ 72
Property and equipment	960	148	1,108
Non-compete agreements	80	--	80
Customer relationships	4,700	4,300	9,000
Goodwill	5,573	3,437	9,010
Total assets acquired	11,385	7,885	19,270
Debt and capital leases	480	108	588
Total liabilities assumed	480	108	588
Net assets acquired	$ 10,905	$ 7,777	$ 18,682

On July 30, 2007, the Company acquired certain assets and liabilities of USAC. The purchased assets and liabilities and the results of operations of USAC have been included in the consolidated financial statements, in the Company's FASI segment, since July 30, 2007. USAC was a well-established transportation service provider with 11 facilities that specialized in pool distribution services throughout the Southeast, Midwest and Southwest continental United States. USAC generated approximately $32,000 (unaudited) in revenue during the year ended December 31, 2006. In conjunction with the Company's strategy to expand into new services complimentary to the airport-to-airport business, the acquisition provides the opportunity for the Company to introduce new services to new and existing customers and to drive efficiencies in existing businesses. The aggregate purchase price was $12,950, paid with the Company's available cash. During 2008, $237 was paid to the previous owners of USAC for final settlement of the purchased working capital.

The Company's total acquired customer relationships and non-compete agreements of $46,350 and $1,780, respectively, have weighted-average useful lives of 11.4 and 5.6 years, respectively. Amortization expense on acquired customer relationships and non-compete agreements for each of the three years ended December 31, 2010, 2009 and 2008 was $4,590, $4,654 and $4,363, respectively.

The estimated amortization expense for the next five years on definite-lived intangible assets as of December 31, 2010 is as follows:

	2011	2012	2013	2014	2015
Customer relationships	$ 4,255	$ 4,255	$ 4,255	$ 4,067	$ 3,261
Non-compete agreements	335	311	24	20	20
Total	$ 4,590	$ 4,566	$ 4,279	$ 4,087	$ 3,281

3. Goodwill and Other Long-Lived Assets

The Company conducts an annual (or more frequently if circumstances indicate possible impairment) impairment test of goodwill for each reportable segment at June 30 of each year. The first step of the goodwill impairment test is the estimation of the reportable segment's fair value. If step one indicates that impairment potentially exists, the second step is performed to measure the amount of the impairment, if any. Goodwill impairment exists when the calculated implied fair value of goodwill is less than its carrying value. Changes in strategy or market conditions could significantly impact these fair value estimates and require adjustments to recorded asset balances.

During the three months ended March 31, 2009, the Company determined there were indicators of potential impairment of the goodwill assigned to the FASI segment. This determination was based on the continuing economic recession, declines in current market valuations and FASI operating losses in excess of expectations. As a result, the Company performed an interim impairment test in accordance with the Company accounting policy discussed above as of March 31, 2009. Based on the results of the interim impairment test, the Company concluded that an impairment loss was probable and could be reasonably estimated. Consequently, the Company recorded a non-cash goodwill impairment charge of $6,953 related to the FASI segment during the three months ended March 31, 2009.

(In thousands, except share and per share data)

3. Goodwill and Other Long-Lived Assets (Continued)

The Company conducted its annual impairment test of goodwill for each reportable segment as of June 30, 2010 and no additional impairment charges were required. For each of the goodwill impairment calculations, the Company calculated the fair value of the applicable reportable segments, using a combination of discounted projected cash flows and market valuations as of the valuation date for comparable companies. The Company's fair value calculations for goodwill are classified within level 3 of the fair value hierarchy as defined in the FASB Codification.

As of December 31, 2010, the carrying value of goodwill related to the Forward Air and FASI segments was $37,926 and $5,406, respectively. The estimation of fair value related to the impairment test for goodwill is particularly sensitive to projected financial information used in the calculations. Earnings estimated to be generated by the Forward Air segment are expected to continue supporting the carrying value of its goodwill. The FASI segment is currently facing the challenges of building and expanding a business during difficult economic times. If these overall economic conditions worsen or continue for an extended period of time, future estimates of projected financial information may be reduced, and the Company may be required to record an additional impairment charge against the carrying value of FASI’s goodwill.

The changes in the carrying value of goodwill by segment for the year ended December 31, 2009 are as follows:

	Forward Air		FASI		Total
	Goodwill	Accumulated Impairment	Goodwill	Accumulated Impairment	Net
Beginning balance, December 31, 2008	$ 37,926	$ --	$ 12,304	$ --	$ 50,230
Adjustment to Service Express acquisition	--	--	55	--	55
Impairment loss	--	--	--	(6,953)	(6,953)
Ending balance, December 31, 2009	$ 37,926	$ --	$ 12,359	$ (6,953)	$ 43,332

There were no changes in the carrying amount of goodwill during the year ended December 31, 2010. The goodwill for the above acquisitions is deductible for tax purposes.

Additionally, the Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized on assets classified as held and used when the sum of undiscounted estimated cash flows expected to result from the use of the asset is less than the carrying value. If such measurement indicates a possible impairment, the estimated fair value of the asset is compared to its net book value to measure the impairment charge, if any. During 2009 an impairment charge of $204 was incurred in the Forward Air segment to write off the net book value of certain truckload and cargo handling customer relationships purchased during 2007. These impairment charges were recorded as the related customer relationships and services were discontinued during the first quarter of 2009.

4. Property

In June 2009, the Company completed the construction of a new regional hub in Dallas/Fort Worth, Texas for a total cost of approximately $31,642.

5. Debt and Capital Lease Obligations

Credit Facilities

On October 10, 2007, the Company entered into a $100,000 senior credit facility. This facility has a term of five years and includes an accordion feature, which allows for an additional $50,000 in borrowings. However, at this time the Company believes that to access the accordion feature the Company’s lender would require that the interest rates for the senior credit facility be reset to match current market rates. The senior credit facility matures on October 10, 2012. The Company entered into this larger credit facility in order to fund potential acquisitions, the repurchase of its common stock, and for financing other general business purposes. Interest rates for advances under the facility are at LIBOR plus 0.6% to 0.9% based upon covenants related to total indebtedness to earnings (0.9% at December 31, 2010). The agreement contains certain covenants and restrictions, none of which are expected to significantly affect the Company’s operations or ability to pay dividends. No assets are pledged as collateral against the senior credit facility. As of December 31, 2010, the Company had $50,000 outstanding under the senior credit facility. At December 31, 2010, the Company had utilized $11,704 of availability for outstanding letters of credit and had $38,296 of available borrowing capacity outstanding under the senior credit facility.

(In thousands, except share and per share data)

5. Debt and Capital Lease Obligations (Continued)

Capital Leases

In September 2000, the Company entered into an agreement with the Rickenbacker Port Authority ("Rickenbacker") to lease a building located near the Company's Columbus, Ohio hub facility. At the inception of the lease, the Company made a $2,004 loan to Rickenbacker. The lease agreement had a ten-year initial term, with two five-year renewal options. Because the lease met the criteria for classification as a capital lease, the leased building was recorded in property and equipment at $3,015 (which represented the present value of the total minimum lease payments, including the $2,004 initial payment). During 2010, the original lease expired and the renewal option was not exercised resulting in the termination of the lease. Upon termination of the lease the related assets and liabilities were written off resulting in a gain of approximately $679.

In conjunction with the acquisitions discussed in Note 2, the Company assumed several equipment leases that met the criteria for classification as a capital lease. The leased equipment is being amortized over the shorter of the lease term or useful life.

Property and equipment include the following amounts for assets under capital leases:

	December 31, 2010	December 31, 2009
Buildings	$ --	$ 3,015
Equipment	2,071	2,391
Accumulated amortization	(1,401)	(2,756)
	$ 670	$ 2,650

Amortization of assets under capital leases is included in depreciation and amortization expense.

Future minimum payments, by year and in the aggregate, under non-cancelable capital leases with initial or remaining terms of one year or more consist of the following at December 31, 2010:

2011	$ 705
2012	585
2013	286
2014	48
Total	1,624
Less amounts representing interest	103
Present value of net minimum lease payments (including current portion of $638)	$ 1,521

Interest Payments

Interest payments during 2010, 2009 and 2008 were $718, $749 and $1,628, respectively. During the years ended December 31, 2009 and 2008, $110 and $301 of interest payments were capitalized, respectively. No interest was capitalized during the year ended December 31, 2010.

6. Shareholders' Equity, Stock Options and Net Income per Share

Preferred Stock

The Company had a shareholder rights plan that expired May 18, 2009. The expired plan allowed the Board of Directors to issue, at its discretion, up to 5,000,000 shares of preferred stock, par value $0.01. The 5,000,000 shares of preferred stock are still authorized, but no shares have been issued to date.

Cash Dividends

During each quarter of 2010, 2009 and 2008, the Company's Board of Directors declared a cash dividend of $0.07 per share of Common Stock. On February 11, 2011, the Company's Board of Directors declared a $0.07 per share dividend that will be paid in the first quarter of 2011. The Company expects to continue to pay regular quarterly cash dividends, though each subsequent quarterly dividend is subject to review and approval by the Board of Directors.

Repurchase of Common Stock

On July 31, 2007 our Board of Directors approved an additional stock repurchase program for up to two million shares of the Company's Common Stock (the "2007 Repurchase Plan"). No shares were repurchased during the years ended December 31, 2010 and 2009. As of December 31, 2010, 1,788,827 shares of Common Stock remain that may be repurchased under the 2007 Repurchase Plan.

Share-Based Compensation

The Company had previously reserved for issuance 4,500,000 common shares under the 1999 Stock Option and Incentive Plan (the "1999 Plan"). Options issued under the 1999 Plan have seven to ten-year terms and vested over a one to five year period.

In May 2008, with the approval of shareholders, the Company amended and restated the 1999 Stock Option and Incentive Plan (the "1999 Amended Plan") to reserve for issuance an additional 3,000,000 common shares, increasing the total number of reserved common shares under the 1999 Amended Plan to 7,500,000.

6. Shareholders' Equity, Stock Options and Net Income per Share (Continued)

Employee Activity - Options

The following table summarizes the Company's employee stock option activity and related information for the years ended December 31, 2010, 2009 and 2008:

	2010		2009		2008	
	Options (000)	Weighted-Average Exercise Price	Options (000)	Weighted-Average Exercise Price	Options (000)	Weighted-Average Exercise Price
Outstanding at beginning of year	3,086	$ 26	2,446	$ 28	2,246	$ 26
Granted	664	22	675	23	387	30
Exercised	(35)	21	(1)	18	(153)	15
Forfeited	(13)	26	(34)	28	(34)	32
Outstanding at end of year	3,702	$ 26	3,086	$ 26	2,446	$ 28
Exercisable at end of year	2,475	$ 27	1,906	$ 27	1,528	$ 26
Options available for grant	1,713		2,363		3,004	
Weighted-average fair value of options granted during the year	$ 8.24		$ 7.96		$ 9.17	
Aggregate intrinsic value for options exercised	$ 268		$ 3		$ 3,089	
Average aggregate intrinsic value for options outstanding	$ 3,613					
Average aggregate intrinsic value for exercisable options	$ --					

The following table summarizes information about stock options outstanding as of December 31, 2010:

		Outstanding		Exercisable	
Range of Exercise Price	Number Outstanding (000)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable (000)	Weighted Average Exercise Price
$ 13.25-18.82	312	2.4	$ 15.48	312	$ 15.48
20.05-29.44	2,578	4.7	25.33	1,356	27.18
30.35-35.53	812	3.4	31.37	807	31.36
$ 13.25-35.53	3,702	4.2	$ 25.82	2,475	$ 27.07

6. Shareholders' Equity, Stock Options and Net Income per Share (Continued)

Share-based compensation expense for options granted in 2010, 2009 and 2008 was recognized in salaries, wages and employee benefits. Share-based compensation expense for options granted was $5,689, $5,832 and $4,036 during 2010, 2009 and 2008, respectively. The total tax benefit related to the share-based expense for these options was $1,707, $1,691 and $1,032 for 2010, 2009 and 2008, respectively. Total compensation cost, net of estimated forfeitures, related to the options not yet recognized in earnings was $5,457 at December 31, 2010. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

Employee Activity – Non-vested shares

During the year ended December 31, 2006, the Company granted 129,350 non-vested shares to key employees with a weighted-average fair value of $36.09 per share. Share-based compensation expense of $258 and $1,403 for non-vested shares granted to employees during 2006 was recognized in salaries, wages and employee benefits during the years ended December 31, 2009 and 2008, respectively. The total tax benefit related to this share-based expense was $109 and $550 for the years ended December 31, 2009 and 2008, respectively.

During the year ended December 31, 2009, 37,632 previously non-vested shares with a total grant date fair value of $1,358 vested to employees. During the year ended December 31, 2008, 38,078 previously non-vested shares with a total grant date fair value of $1,374 vested to employees. During the year ended December 31, 2008, 1,350 of non-vested shares were forfeited by employees. No non-vested shares were forfeited by employees during the year ended December 31, 2009. As of December 31, 2009 all shares granted to employees had vested or been forfeited.

Employee Activity – ESPP

Under the ESPP at December 31, 2010, the Company is authorized to issue up to a remaining 439,090 shares of Common Stock to employees of the Company. For the years ended December 31, 2010, 2009 and 2008, participants under the plan purchased 8,142, 12,092 and 10,377 shares, respectively, at an average price of $23.89, $19.63 and $24.57 per share, respectively. The weighted-average fair value of each purchase right under the ESPP granted for the years ended December 31, 2010, 2009 and 2008, which is equal to the discount from the market value of the Common Stock at the end of each six month purchase period, was $3.93, $3.90 and $5.00 per share, respectively. Share-based compensation expense of $32, $47 and $51 was recognized in salaries, wages and employee benefits, during the years ended December 31, 2010, 2009 and 2008, respectively.

Non-employee Directors – Non-vested shares

On May 23, 2006, the Company's shareholders approved the Company's 2006 Non-Employee Director Stock Plan (the "2006 Plan"). The Company's shareholders then approved the Company's Amended and Restated Non-Employee Director Stock Plan (the "Amended Plan") on May 22, 2007. The Amended Plan was then further amended and restated on December 17, 2008. The Amended Plan is designed to better enable the Company to attract and retain well-qualified persons for service as directors of the Company. Under the Amended Plan, on the first business day after each Annual Meeting of Shareholders, each non-employee director will automatically be granted an award (the "Annual Grant"), in such form and size as the Board determines from year to year. Unless otherwise determined by the Board, Annual Grants will become vested and nonforfeitable one year after the date of grant so long as the non-employee director's service with the Company does not earlier terminate. Each director may elect to defer receipt of the shares under a non-vested share award until the director terminates service on the Board of Directors. If a director elects to defer receipt, the Company will issue deferred stock units to the director, which do not represent actual ownership in shares and the director will not have voting rights or other incidents of ownership until the shares are issued. However, the Company will credit the director with dividend equivalent payments in the form of additional deferred stock units for each cash dividend payment made by the Company.

During 2010, 2009 and 2008, under the Amended Plan, 19,131, 30,870 and 18,448, respectively, of non-vested shares or deferred stock units were issued to the Company's non-employee directors. The weighted-average grant date fair values for the 2010, 2009 and 2008 grants to non-employee directors were $29.27, $18.14 and $34.69, respectively. The share-based compensation for these awards are recognized, net of estimated forfeitures, ratably over the requisite service period, or vesting period, of one year.

Under the 2006 Plan, during 2006, 13,500 non-vested shares and deferred stock units were issued to the Company's non-employee directors with a weighted-average fair value of $36.27. In April 2007, 375 non-vested shares with fair values of $30.88 per share were issued to a new non-employee director. The share-based compensation for these awards was recognized, net of estimated forfeitures, ratably over the requisite service period, or vesting period, of three years.

6. Shareholders' Equity, Stock Options and Net Income per Share (Continued)

During the year ended December 31, 2008, 23,649 of previously non-vested shares and deferred stock units with a total grant date fair value of $807 vested to non-employee directors. During 2008, a non-employee director resigned from our Board of Directors and forfeited approximately 3,056 non-vested shares. During the year ended December 31, 2009, 20,017 of previously non-vested shares and deferred stock units with a total grant date fair value of $700 vested to non-employee directors. During the year ended December 31, 2010, 30,995 of previously non-vested shares and deferred stock units with a total grant date fair value of $892 vested to non-employee directors. At December 31, 2010, 19,131 non-vested shares granted to non-employee directors had yet to vest.

During the years ended December 31, 2010, 2009 and 2008, share-based compensation expense for non-vested shares granted to non-employee directors under the above plans was $563, $617 and $777, respectively, and was recognized in salaries, wages and employee benefits. The total tax benefits related to this share-based expense was $226, $261 and $305 for the years ended December 31, 2010, 2009 and 2008, respectively. Total compensation cost, net of estimated forfeitures, related to these non-vested shares granted to non-employee directors not yet recognized in earnings was $202 at December 31, 2010. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

Non-employee Directors - Options

In addition to the above activity, each May from 1995 to 2005, options were granted to the non-employee directors of the Company. The options have terms of ten years and are fully exercisable. The following tables summarize the Company's non-employee stock option activity and related information for the years ended December 31, 2010, 2009 and 2008:

	2010		2009		2008	
	Options (000)	Weighted-Average Exercise Price	Options (000)	Weighted-Average Exercise Price	Options (000)	Weighted-Average Exercise Price
Outstanding at beginning of year	74	$ 22	74	$ 22	112	$ 22
Granted	--	--	--	--	--	--
Exercised	(11)	24	--	--	(38)	22
Forfeited	--	--	--	--	--	--
Outstanding and exercisable at end of year	63	$ 22	74	$ 22	74	$ 22
Aggregate intrinsic value for options exercised	$ 37		$ --		$ 497	
Average aggregate intrinsic value for options outstanding and exercisable	$ 332					

At December 31, 2010, weighted average remaining contractual term for these options was 2.6 years.

6. Shareholders' Equity, Stock Options and Net Income per Share (Continued)

Net Income per Share

The following table sets forth the computation of net income per basic and diluted share:

	2010	2009	2008
Numerator:			
Numerator for basic and diluted net income per share	$ 32,036	$ 9,802	$ 42,542
Denominator:			
Denominator for basic net income per share - weighted-average shares (in thousands)	28,984	28,928	28,808
Effect of dilutive stock options and non-vested shares (in thousands)	127	65	217
Denominator for diluted net income per share - adjusted weighted-average shares (in thousands)	29,111	28,993	29,025
Basic net income per share	$ 1.11	$ 0.34	$ 1.48
Diluted net income per share	$ 1.10	$ 0.34	$ 1.47

The number of options and non-vested shares that could potentially dilute income per basic share in the future, but that were not included in the computation of income per diluted share because to do so would have been anti-dilutive for the periods presented, were approximately 3,174,000, 2,610,000 and 1,153,000 in 2010, 2009 and 2008, respectively.

7. Income Taxes

The provision for income taxes consists of the following:

	2010	2009	2008
Current:			
Federal	$ 16,816	$ 10,711	$ 22,242
State	2,811	2,017	3,476
	19,627	12,728	25,718
Deferred:			
Federal	1,566	(4,310)	1,061
State	(130)	(271)	90
	1,436	(4,581)	1,151
	$ 21,063	$ 8,147	$ 26,869

The tax (expense) benefit associated with the exercise of stock options and the vesting of non-vested shares during the years ended December 31, 2010, 2009 and 2008 were $194, ($370) and $1,030, respectively, and are reflected as a decrease or increase in additional paid-in capital in the accompanying consolidated statements of shareholders' equity.

The historical income tax expense differs from the amounts computed by applying the federal statutory rate of 35.0% to income before income taxes as follows:

	2010	2009	2008
Tax expense at the statutory rate	$ 18,585	$ 6,282	$ 24,294
State income taxes, net of federal benefit	1,790	1,135	2,318
Qualified stock options	516	659	503
Meals and entertainment	186	176	194
Deferred tax asset valuation allowance	(124)	183	(132)
Federal income tax credits	--	(269)	(328)
Other	110	(19)	20
	$ 21,063	$ 8,147	$ 26,869

(In thousands, except share and per share data)

7. Income Taxes (Continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows:

	December 31, 2010	December 31, 2009
Deferred tax assets:		
Accrued expenses	$ 4,669	$ 4,365
Allowance for doubtful accounts	772	742
Non-compete agreements	2,227	1,711
Share-based compensation	5,101	3,548
Accruals for income tax contingencies	114	114
Impairment of goodwill and other intangible assets	1,805	2,104
Net operating loss carryforwards	444	279
Total deferred tax assets	15,132	12,863
Valuation allowance	(335)	(459)
Total deferred tax assets, net of valuation allowance	14,797	12,404
Deferred tax liabilities:		
Tax over book depreciation	11,541	8,786
Prepaid expenses deductible when paid	1,463	1,800
Goodwill	5,760	4,343
Total deferred tax liabilities	18,764	14,929
Net deferred tax liabilities	$ (3,967)	$ (2,525)

The balance sheet classification of deferred income taxes is as follows:

	December 31, 2010	December 31, 2009
Current assets	$ 2,149	$ 3,261
Noncurrent liabilities	(6,116)	(5,786)
	$ (3,967)	$ (2,525)

Total income tax payments, net of refunds, during fiscal years 2010, 2009 and 2008 were $20,944, $7,888 and $30,293, respectively.

At December 31, 2010 and 2009, the Company had state net operating loss carryforwards of $10,084 and $8,792, respectively that will expire between 2013 and 2026. The use of these state net operating losses is limited to the future taxable income of separate legal entities. Based on expectations of future taxable income, management believes that it is more likely than not that the results of operations will not generate sufficient taxable income to realize the net operating loss benefits for the $6,465 in state loss carryforwards. As a result, a valuation allowance has been provided for $6,465 of the state loss carryforwards. The valuation allowance on these certain state loss carryforwards was unchanged during 2010, but increased $3 during 2009.

(In thousands, except share and per share data)

7. Income Taxes (Continued)

During 2009, the Company also established a valuation allowance of $180 on the state portion of FASI's net deferred tax assets. This valuation allowance was established based on expectations of future taxable income as management believes that it is more likely than not that the results of FASI operations will not generate sufficient taxable income to realize the state benefit of the net deferred tax assets. During 2010, in conjunction with a decline in FASI's net deferred tax assets the related valuation allowance was reduced by $124.

Income Tax Contingencies

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various states and Canada. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or Canadian examinations by tax authorities for years before 2005.

During the year ended December 31, 2008, the Company reached a settlement with a state taxing authority regarding the taxability of two Company subsidiaries in the related state for tax years 1996 through 2007. As a result of this settlement, the Company agreed to pay the state $306, including interest and penalties. Also, the Company further agreed that if the state was successful in certain litigation efforts the Company would pay an additional $213, including interest and penalties. Based on the settlement, the Company maintained a contingent tax liability for $213, and reversed the excess accrual. The Company had previously reserved $1,393 for this contingency. As a result of the settlement during 2008 the Company was able to reduce current state income tax expense by $611, interest expense by $104 and penalties by $159.

A reconciliation of the beginning and ending amount of unrecognized tax benefit is as follows:

	Liability for Unrecognized Tax Benefits
Balance at December 31, 2007	$ 1,117
Additions for tax positions of current year	126
Reductions for settlement with state taxing authorities	(815)
Balance at December 31, 2008	428
Additions for tax positions of current year	71
Additions for tax positions of prior years	143
Balance at December 31, 2009	642
Additions for tax positions of current year	41
Additions for tax positions of prior years	190
Reductions for settlement with state taxing authorities	(148)
Balance at December 31, 2010	$ 725

Included in the liability for unrecognized tax benefits at December 31, 2010 and December 31, 2009 are tax positions of $725 and $642, respectively, which represents tax positions where the realization of the ultimate benefit is uncertain and the disallowance of which would affect the Company's annual effective income tax rate.

Included in the liability for unrecognized tax benefits at December 31, 2010 and December 31, 2009, are accrued penalties of $57. The liability for unrecognized tax benefits at December 31, 2010 and December 31, 2009 also included accrued interest of $113 and $99, respectively.

8. Operating Leases

The Company leases certain facilities under noncancellable operating leases that expire in various years through 2020. Certain leases may be renewed for periods varying from one to ten years. In conjunction with previous acquisitions discussed in Note 2, the Company assumed several operating leases for tractors, straight trucks and trailers with original lease terms between three and six years. These leases expire in various years through 2014 and may not be renewed beyond the original term.

(In thousands, except share and per share data)

8. Operating Leases (Continued)

Sublease rental income, was $556, $356 and $615 in 2010, 2009 and 2008, respectively. In 2011, the Company expects to receive aggregate future minimum rental payments under noncancellable subleases of approximately $95. Noncancellable subleases expire between 2012 and 2016.

Future minimum rental payments under noncancellable operating leases with initial or remaining terms in excess of one year consisted of the following at December 31, 2010:

2011	$ 20,566
2012	17,193
2013	14,325
2014	12,647
2015	9,178
Thereafter	13,884
Total	$ 87,793

9. Commitments and Contingencies

From time to time, the Company is party to ordinary, routine litigation incidental to and arising in the normal course of business. The Company does not believe that any of these pending actions, individually or in the aggregate, will have a material adverse effect on its financial condition, results of operations or cash flows.

The primary claims in the Company's business relate to workers' compensation, property damage, vehicle liability and medical benefits. Most of the Company's insurance coverage provides for self-insurance levels with primary and excess coverage which management believes is sufficient to adequately protect the Company from catastrophic claims. In the opinion of management, adequate provision has been made for all incurred claims up to the self-insured limits, including provision for estimated claims incurred but not reported.

The Company estimates its self-insurance loss exposure by evaluating the merits and circumstances surrounding individual known claims and by performing hindsight and actuarial analysis to determine an estimate of probable losses on claims incurred but not reported. Such losses could be realized immediately as the events underlying the claims have already occurred as of the balance sheet dates.

Because of the uncertainty of the ultimate resolution of outstanding claims, as well as uncertainty regarding claims incurred but not reported, it is possible that management's provision for these losses could change materially in the near term. However, no estimate can currently be made of the range of additional loss that is at least reasonably possible.

As of December 31, 2010, the Company had commitments to purchase various trailers, vehicles and forklifts for approximately $14,211 during 2011. This commitment is expected to be funded by cash on hand and cash flows from operations.

10. Employee Benefit Plan

The Company has a retirement savings plan (the "401(k) Plan"). The 401(k) Plan is a defined contribution plan whereby employees who have completed 90 days of service, a minimum of 1,000 hours of service and are age 21 or older are eligible to participate. The 401(k) Plan allows eligible employees to make contributions of 2.0% to 80.0% of their annual compensation. Employer contributions were made at 25.0% of the employee's contribution up to a maximum of 6.0% for all periods presented of total annual compensation except where government limitations prohibit.

Employer contributions vest 20.0% after two years of service and continue vesting 20.0% per year until fully vested. The Company's matching contributions expensed in 2010, 2009 and 2008 were approximately $548, $519 and $615, respectively.

(In thousands, except share and per share data)

11. Financial Instruments

Off Balance Sheet Risk

At December 31, 2010, the Company had letters of credit outstanding totaling $11,704 as required by its workers' compensation and vehicle liability insurance providers.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and trade accounts receivable. The Company does not generally require collateral from its customers. Concentrations of credit risk with respect to trade accounts receivable on a consolidated basis are limited due to the large number of entities comprising the Company's customer base and their dispersion across many different industries. However, while not significant to the Company on a consolidated basis, four customers account for approximately 70.4% of FASI's 2010 operating revenue. Receivables from these four customers totaled approximately $4,550 at December 31, 2010.

Beginning in the second quarter of 2010, the Company ceased providing services to one of its largest customer in 2009. During 2009 revenues from this customer were approximately $9,050 and accounted for 12.5% of FASI's operating revenue and 2.2% of the Company's consolidated operating revenue. During 2010, through cessation of services, revenues from this customer were approximately $5,541 and accounted for 7.5% of FASI's operating revenue and 1.1% of the Company's consolidated operating revenue. The revenue associated with this customer was low yielding and the impact on 2010 and 2009 operating results was minimal.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Accounts receivable and accounts payable: The carrying amounts reported in the balance sheet for accounts receivable and accounts payable approximate their fair value based on their short-term nature.

The Company's senior credit facility bears interest at LIBOR plus 0.6% to 0.9% based upon covenants related to total indebtedness to earnings. However, due to current economic conditions, the Company believes its borrowing rate to be favorable to current market rates. Using interest rate quotes currently available in the market, the Company estimated the fair value of its senior credit facility, notes payable and capital lease obligations as follows:

	December 31, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior credit facility	$ 50,000	$ 48,480	$ 50,000	$ 47,461
Notes payable	--	--	21	22
Capital lease obligations	1,521	1,539	3,067	3,305

The Company's fair value calculations for the above financial instruments are classified within level 3 of the fair value hierarchy as defined in the FASB Codification.

12. Segment Reporting

The Company operates in two reportable segments, based on differences in services provided. Forward Air provides time-definite transportation and logistics services to the deferred air freight market. FASI provides pool distribution services primarily to regional and national distributors and retailers.

The accounting policies of the segments are the same as those described in Note 1. Segment data includes intersegment revenues. Assets and costs of the corporate headquarters are allocated to the segments based on usage. The Company evaluates the performance of its segments based on net income. The Company's business is conducted principally in the U.S. and Canada.

(In thousands, except share and per share data)

12. Segment Reporting (Continued)

The following tables summarize segment information about net income and assets used by the chief operating decision maker of the Company in making decisions regarding allocation of assets and resources as of and for the years ended December 31, 2010, 2009 and 2008.

Year ended December 31, 2010	**Forward Air**	**FASI**	**Eliminations**	**Consolidated**
External revenues	$ 411,767	$ 72,172	$ --	$ 483,939
Intersegment revenues	1,168	311	(1,479)	--
Depreciation and amortization	16,496	3,954	--	20,450
Share-based compensation expense	5,896	388	--	6,284
Interest expense	671	59	--	730
Interest income	92	4	--	96
Income tax expense	20,769	294	--	21,063
Net income (loss)	32,580	(544)	--	32,036
Total assets	349,849	36,875	(37,928)	348,796
Capital expenditures	10,461	4,687	--	15,148

Year ended December 31, 2009	**Forward Air**	**FASI**	**Eliminations**	**Consolidated**
External revenues	$ 345,388	$ 72,022	$ --	$ 417,410
Intersegment revenues	920	446	(1,366)	--
Depreciation and amortization	16,096	3,626	--	19,722
Share-based compensation expense	6,461	293	--	6,754
Impairment of goodwill and other intangible assets	204	6,953	--	7,157
Interest expense	572	98	--	670
Interest income	66	6	--	72
Income tax expense (benefit)	11,137	(2,990)	--	8,147
Net income (loss)	15,234	(5,432)	--	9,802
Total assets	315,267	39,591	(38,128)	316,730
Capital expenditures	17,961	2,886	--	20,847

Year ended December 31, 2008	**Forward Air**	**FASI**	**Eliminations**	**Consolidated**
External revenues	$ 419,283	$ 55,153	$ --	$ 474,436
Intersegment revenues	1,929	127	(2,056)	--
Depreciation and amortization	14,414	2,201	--	16,615
Share-based compensation expense	6,130	137	--	6,267
Interest expense	1,157	79	--	1,236
Interest income	344	10	--	354
Income tax expense (benefit)	26,996	(127)	--	26,869
Net income (loss)	42,910	(368)	--	42,542
Total assets	298,585	46,901	(37,959)	307,527
Capital expenditures	23,337	3,362	--	26,699

(In thousands, except share and per share data)

13. Quarterly Results of Operations (Unaudited)

The following is a summary of the quarterly results of operations for the years ended December 31, 2010 and 2009:

	2010			
	March 31	June 30	September 30	December 31
Operating revenue	$ 106,977	$ 122,132	$ 121,522	$ 133,308
Income from operations	6,055	13,502	15,505	18,677
Net income	3,419	7,912	8,888	11,817
Net income per share:				
Basic	$ 0.12	$ 0.27	$ 0.31	$ 0.41
Diluted	$ 0.12	$ 0.27	$ 0.31	$ 0.41

	2009			
	March 31	June 30	September 30	December 31
Operating revenue	$ 96,616	$ 99,697	$ 103,079	$ 118,018
Income (loss) from operations	(5,026)	4,873	6,671	12,032
Net income (loss)	(3,104)	2,844	3,779	6,283
Net income (loss) per share:				
Basic	$ (0.11)	$ 0.10	$ 0.13	$ 0.22
Diluted	$ (0.11)	$ 0.10	$ 0.13	$ 0.22

Forward Air Corporation
Schedule II — Valuation and Qualifying Accounts
(In thousands)

Col. A		Col. B	Col. C		Col. D		Col. E
		Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts Describe	Deductions -Describe		Balance at End of Period
Year ended December 31, 2010							
Allowance for doubtful accounts		$ 1,457	$ (52)	$ --	$ (214)	(2)	$ 1,619
Allowance for revenue adjustments	(1)	462	1,589	--	1,674	(3)	377
Income tax valuation		459	(124)	--	--		335
		2,378	1,413	--	1,460		2,331
Year ended December 31, 2009							
Allowance for doubtful accounts		$ 1,675	$ (60)	$ --	$ 158	(2)	$ 1,457
Allowance for revenue adjustments	(1)	856	2,390	--	2,784	(3)	462
Income tax valuation		276	183	--	--		459
		2,807	2,513	--	2,942		2,378
Year ended December 31, 2008							
Allowance for doubtful accounts		$ 805	$ 903	$ --	$ 33	(2)	$ 1,675
Allowance for revenue adjustments	(1)	337	4,259	--	3,740	(3)	856
Income tax valuation		408	--	--	132	(4)	276
		1,142	5,162	--	3,773		2,807

(1) Represents an allowance for adjustments to accounts receivable due to disputed rates, accessorial charges and other aspects of previously billed shipments.
(2) Represents uncollectible accounts written off, net of recoveries
(3) Represents adjustments to billed accounts receivable
(4) Represents expired state net operating loss carryforwards

EXHIBIT INDEX

No.		Exhibit
3.1		Restated Charter of the registrant (incorporated herein by reference to Exhibit 3 to the registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 1999 (File No. 0-22490))
3.2		Amended and Restated Bylaws of the registrant (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 6, 2009 (File No. 0-22490))
4.1		Form of Forward Air Corporation Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the registrant’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998 filed with the Securities and Exchange Commission on November 16, 1998 (File No. 0-22490))
10.1	*	Forward Air Corporation 2005 Employee Stock Purchase Plan (incorporated herein by reference to the registrant's Proxy Statement filed with the Securities and Exchange Commission on April 20, 2005 (File No. 0-22490))
10.2	*	Amended and Restated Stock Option and Incentive Plan (incorporated herein by reference to the registrant's Proxy Statement filed with the Securities and Exchange Commission on April 3, 2008 (File No. 0-22490))
10.3		Lease Agreement, dated as of June 1, 2006, between the Greeneville-Greene County Airport Authority and the registrant (incorporated herein by reference to Exhibit 10.3 to the registrant's Annaul Report on Form 10-K for the fiscal year ended December 31, 2006 filed with the Securities and Exchange Commission on February 27, 2007 (File No. 0-22490))
10.4		Air Carrier Certificate, effective August 28, 2003 (incorporated herein by reference to Exhibit 10.5 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 filed with the Securities and Exchange Commission on March 11, 2004 (File No. 0-22490))
10.5	*	Amendment to the Non-Employee Director Stock Plan (incorporated herein by reference to Exhibit 10.7 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 filed with the Securities and Exchange Commission on March 11, 2004 (File No. 0-22490))
10.6		Credit Agreement dated October 10, 2007 among the registrant and certain of its subsidiaries and Wachovia Bank, N.A. (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 11, 2007 (File No. 0-22490))
10.7	*	Employment Agreement dated October 30, 2007, between Forward Air Corporation and Bruce A. Campbell, including Attachment B, Restrictive Covenants Agreement entered into contemporaneously with and as part of the Employment Agreement (incorporated herein by reference to Exhibit 99.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 31, 2007 (File No. 0-22490))
10.8	*	Amendment dated December 30, 2008 to Employment Agreement dated October 30, 2007, between Forward Air Corporation and Bruce A. Campbell (incorporated herein by reference to Exhibit 10.9 to the registrant’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the Securities and Exchange Commission on February 26, 2009 (File No. 0-22490))
10.9	*	Second Amendment dated February 24, 2009 to Employment Agreement dated October 30, 2007, between Forward Air Corporation and Bruce A. Campbell (incorporated herein by reference to Exhibit 10.10 to the registrant’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the Securities and Exchange Commission on February 26, 2009 (File No. 0-22490))
10.10	*	Third Amendment dated December 15, 2010 to Employment Agreement dated October 30, 2007, between Forward Air Corporation and Bruce A. Campbell
10.11	*	Form of Incentive Stock Option Agreement under the registrant's Amended and Restated Stock Option and Incentive Plan, as amended and 1999 Stock Option and Incentive Plan, as amended, for grants prior to February 12, 2006 (incorporated herein by reference to Exhibit 10.12 to the registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission on March 22, 2006 (File No. 0-22490))
10.12	*	Form of Non-Qualified Stock Option Agreement under the registrant's Non-Employee Director Stock Option Plan, as amended, for grants prior to February 12, 2006 (incorporated herein by reference to Exhibit 10.13 to the registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission on March 22, 2006 (File No. 0-22490))
10.13		Forward Air Corporation Section 125 Plan (incorporated herein by reference to Exhibit 10.18 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 filed with the Securities and Exchange Commission on March 15, 2002 (File No. 0-22490))
10.14	*	Forward Air Corporation Amended and Restated Stock Option and Incentive Plan (incorporated herein by reference to Appendix A of the registrant's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on April 3, 2008 (File No. 0-22490))
10.15	*	Form of Incentive Stock Option Agreement under the registrant's Amended and Restated Stock Option and Incentive Plan (incorporated herein by reference to Exhibit 10.19 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the Securities and Exchange Commission on February 26, 2009 (File No. 0-22490))

10.16 *	Form of Non-Qualified Stock Option Agreement under the registrant's Amended and Restated Stock Option and Incentive Plan
10.17 *	Form of Option Restriction Agreement between the registrant and each executive officer regarding certain restrictions on transferability of accelerated stock options granted under the registrant's 1999 Stock Option and Incentive Plan, as amended (incorporated herein by reference to Exhibit 10.18 to the registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission on March 22, 2006 (File No. 0-22490))
10.18 *	Form of Restricted Stock Agreement for an award of restricted stock under the registrant's 1999 Stock Option and Incentive Plan, as amended, granted during 2006 (incorporated herein by reference to Exhibit 10.19 to the registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission on March 22, 2006 (File No. 0-22490))
10.19 *	Form of Restricted Stock Agreement under the registrant's Amended and Restated Stock Option and Incentive Plan
10.20 *	2006 Non-Employee Director Stock Plan (incorporated herein by reference to Appendix A of the registrant's Proxy Statement filed with the Securities and Exchange Commission on April 24, 2006 (File No. 0-22490))
10.21 *	Form of Non-Employee Director Restricted Stock Agreement for an award of restricted stock under the registrant's 2006 Non-Employee Director Stock Plan (incorporated herein by reference to Exhibit 99.2 to the registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 19, 2006 (File No. 0-22490))
10.22 *	Amended and Restated Non-Employee Director Stock Plan (incorporated herein by reference to Appendix B of the registrant's Proxy Statement filed with the Securities and Exchange Commission on April 19, 2007 (File No. 0-22490))
10.23 *	Amended and Restated Non-Employee Director Stock Plan, as further amended and restated on December 17, 2008 (incorporated herein by reference to Exhibit 10.25 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 filed with the Securities and Exchange Commission on February 26, 2009 (File No. 0-22490))
10.24 *	Schedule of Non-Employee Director Compensation effective May 24, 2006 (incorporated herein by reference to Exhibit 99.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 23, 2006 (File No. 0-22490))
10.25	2010 Annual Incentive Plan Clawback Agreement
10.26	Agreement of Purchase and Sale, dated as of July 10, 2006, among AMB Property II, L.P., Headlands Realty Corporation and Forward Air, Inc. (incorporated herein by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 filed with the Securities and Exchange Commission on August 4, 2006 (File No. 0-22490))
10.27	Agreement of Purchase and Sale, dated as of September 14, 2006, by and between Headlands Realty Corporation and Forward Air, Inc. (incorporated herein by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 filed with the Securities and Exchange Commission on November 3, 2006 (File No. 0-22490))
10.28	Asset Purchase Agreement dated November 26, 2007 by and among Forward Air Corporation, Black Hawk Freight Services, Inc. and the stockholders of Black Hawk Freight Services, Inc. (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 30, 2007 (File No. 0-22490))
14.1	Code of Business Conduct and Ethics
21.1	Subsidiaries of the registrant (incorporated herein by reference to Exhibit 21.1 to the registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2009 filed with the Securities and Exchange Commission on February 26, 2010 (File No. 0-22490))
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*Denotes a management contract or compensatory plan or arrangement.

Exhibit 10.10

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (this "Amendment") is made and entered into effective as of December 15, 2010, by and between Forward Air Corporation, a corporation organized under the laws of the State of Tennessee (the "Company"), and Bruce A. Campbell (the "Executive").

WHEREAS, the Company and the Executive entered into an Employment Agreement, effective as of October 30, 2007, as amended (the "Employment Agreement");

WHEREAS, section 11(c) of the Employment Agreement specifies that the Employment Agreement may be amended only by an instrument in writing signed by the parties;

WHEREAS, the Company and the Executive find it mutually desirable and in the best interests of the parties to amend the Employment Agreement to adjust the base salary floor and to enable payment of any bonus earned for a calendar year to be paid between December 1st of such year and March 15th of the following year.

For and in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend the Employment Agreement as follows:

1. Section 6(a) is hereby amended to read as follows:

   "(a) BASE SALARY. An annual base salary ("Base Salary") of not less than Five Hundred Thousand Dollars ($500,000.00), subject to adjustment annually in the discretion of the Compensation Committee. Executive's Base Salary will be consistent with the salaries of the chief executive officers for companies within a peer group chosen by the Compensation Committee. Executive's Base Salary shall be payable in accordance with the Company's regular payroll practices in effect from time to time for executive officers of the Company."

2. The last sentence of Section 6(b) is hereby amended to read as follows:

   "The Year-End Bonus for each calendar year, if any, shall be paid, in one or more installments, to Executive on <u>or after December 1st of that year, but by no</u> later <u>than March 15th</u> of the immediately succeeding year."

3. In all other respects, the Employment Agreement is hereby ratified and confirmed.

IN WITNESS WHEREOF, the Company and the Executive have executed this Amendment as of the date first written above.

By: /s/ Bruce A. Campbell
Bruce A. Campbell

FORWARD AIR CORPORATION
By: /s/ Rodney L. Bell
Rodney L. Bell
Its: Chief Financial Officer, Senior Vice President and Treasurer

Exhibit 10.16

[Date]

Nonqualified Stock Option Agreement

To the Optionee (the "Optionee") executing the reference and signature page(s) (the "Signature Page") to this Nonqualified Stock Option Agreement (this "Agreement").

Dear Optionee:

This Agreement sets forth the terms under which Forward Air Corporation, a Tennessee corporation (the "Company"), has awarded you an option to purchase shares of the $0.01 par value common stock of the Company (the "Common Stock"). This Agreement, along with the Company's Amended and Restated Stock Option and Incentive Plan (the "Plan"), as amended, which is incorporated herein by reference, Plan Prospectus, Insider Trading Policy and such additional documents as are furnished by the Company with this Agreement, constitute the terms and conditions governing the grant of options hereunder. Terms not otherwise defined herein shall have the meanings set forth in the Plan.

This will confirm the agreement between the Company and the Optionee as follows:

1. Grant of Option. Pursuant to the Plan, the Company grants to the Optionee the right and option (the "Option") to purchase all or any part of the number of shares of Common Stock set forth on the Signature Page (the "Shares"). The Option is a nonqualified stock option that is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and this Agreement shall be so construed. The Company does not warrant any particular tax consequences of the Option.

2. Option Price. The option price per Share shall be the "Option Price per Share" as set forth on the Signature Page (the "Option Price"), representing one hundred percent (100%) of the Fair Market Value of a share of Common Stock as determined pursuant to the Plan as of the Grant Date set forth on the Signature Page.

3. Term of Option. The term of the Option shall commence on the Grant Date and all rights to purchase Shares hereunder shall cease at 11:59 p.m. on the Expiration Date set forth on the Signature Page, subject to earlier termination as provided in the Plan and this Agreement. Except as may otherwise be provided in the Plan or this Agreement, the Option granted hereunder may be cumulative and exercised as follows:

(a) Subject to the terms and conditions of the Plan and this Agreement, the Option shall become vested and exercisable on the dates set forth on the Signature Page, provided that the Optionee remains continually employed by the Company throughout such period; provided further, that the Option shall expire on the Expiration Date and must be exercised, if at all, on or before the Expiration Date or its earlier termination. If the Optionee dies while employed by the Company or a parent or subsidiary of the Company (or within the period of extended exercisability otherwise provided herein), or if the Optionee's employment terminates by reason of Disability, the Option will become fully vested and exercisable (notwithstanding any terms of the Option providing for delayed exercisability) and may be exercised by the Optionee, by the legal representative of the Optionee's estate, or by the legatee under the Optionee's will at any time until the Expiration Date set forth on the Signature Page. The Vesting Schedule for the Option is set forth on the Signature Page.

(b) For the purpose of this Agreement, the Optionee shall be deemed to be an eligible employee of the Company for so long as the Optionee is employed by the Company or a parent or subsidiary of the Company. Accordingly, the Option shall be fully exercisable in accordance with this Section 3, provided the Optionee continues to be an employee of the Company or a parent or subsidiary thereof throughout the term of the Option, to such extent that the Shares are vested.

(c) Unless otherwise determined by the Committee at or after the date of grant, in the event that the employment of the Optionee terminates (other than by reason of death, Disability, Retirement, or for Cause), the Option, to such extent that it is vested, may be exercised for a period of 90 days from the date of such termination or until the Expiration Date set forth on the Signature Page, whichever period is shorter, and the Option to the extent that it is unvested shall terminate on the date that the Optionee's employment terminates. If the Optionee's employment terminates by reason of Retirement, the Option may thereafter be exercised, to the extent it is vested at the time of such Retirement, at any time until the Expiration Date set forth on the Signature Page, and the Option to the extent that it is unvested shall terminate on the date that the Optionee's employment terminates. If the Optionee's employment terminates for Cause, the Option, to the extent not theretofore exercised, shall terminate on the date of termination of employment regardless of its vested status.

(d) The Option Price of the Shares as to which the Option shall be exercised, together will all withholding tax obligations that arise upon exercise, shall be paid in full at the time of exercise (i) in cash or by certified check or by bank draft; (ii) if the Committee in its sole discretion permits, by the delivery of unrestricted shares of Common Stock which shall have an aggregate Fair Market Value determined in accordance with the Plan equal to the Option Price, including for this purpose shares otherwise issuable upon exercise of the Option; (iii) by cancellation of indebtedness of the Company to the Optionee; (iv) by waiver of compensation due or accrued to the Optionee for services rendered; (v) provided that a public market for the Common Stock exists, through a "same day sale" commitment from the Optionee and a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer") whereby the Optionee irrevocably elects to exercise his Option and to sell a portion of the Shares so purchased to pay for the Option Price and whereby the FINRA Dealer irrevocably commits to forward the Option Price directly to the Company in exchange for receipt of such Shares; (vi) provided that a public market for the Common Stock exists, through a "margin" commitment from the Optionee and a FINRA Dealer whereby the Optionee irrevocably elects to exercise the Option and pledge the Shares so purchased to the FINRA Dealer in a margin account as security for a loan from the FINRA Dealer in the amount of the Option Price, and whereby the FINRA Dealer irrevocably commits upon receipt of such Shares to forward the Option Price directly to the Company, or (vii) any combination of the preceding. Except as provided in Section 3 or Section 5 hereof, the Option may not be exercised at any time unless the Optionee shall have been continuously, from the Grant Date to the date of the exercise of the Option, an employee of the Company or a parent or subsidiary of the Company. Additionally, notwithstanding anything in this Agreement to the contrary, the Option may be exercised at any given time only as to those Shares covered by the Option which have "vested" at such time, as set forth on the Vesting Schedule. The holder of the Option shall not have any of the rights of a shareholder with respect to Shares covered by the Option until such time, if ever, as such Shares of Common Stock are actually issued and delivered to the Optionee.

4. Nontransferability. The Option shall not be transferable otherwise than by will or the laws of descent and distribution, and the Option may be exercised, during the lifetime of the Optionee, only by the Optionee. In the event of the Optionee's death, the Option may be exercised by the Optionee's executor, personal representative, or the person(s) to whom the Option is transferred by will or the laws of descent and distribution. More particularly (but without limiting the generality of the foregoing), the Option may not be assigned, transferred (except as provided in Section 6 hereof), pledged or hypothecated in any way, shall not be assignable by operation of law and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Option contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Option, shall be null and void and without effect.

5. Termination of Option. Except as otherwise provided in the Plan or this Agreement, this Option shall terminate on the date the Optionee ceases to be an employee of the Company or a parent or subsidiary of the Company (the "Termination Date"). The Optionee shall be considered to be an employee of the Company for all purposes under this Section 5 if the Compensation Committee determines that the Optionee is rendering substantial services as a part-time employee to the Company or any parent or subsidiary of the Company.

6. Effect of Certain Changes.

(a) In the event of the dissolution or liquidation of the Company, any corporate separation or division of the Company, including but not limited to, a split-up, split-off or spin-off, or other similar transactions, the Committee may, in its sole discretion, provide that either:

(i) the Optionee shall have the right to exercise the Option (at its then Option Price) and receive such property, cash, securities, or any combination thereof upon such exercise as would have been received with respect to the number of shares of Common Stock for which the Option might have been exercised immediately prior to such dissolution, liquidation, or corporate separation or division; or

(ii) the Option shall terminate as of a date to be fixed by the Committee and that written notice of the date so fixed shall be given to the Optionee, who shall have the right, within such period as may be specified by the Committee preceding such termination, to exercise all or part of the Option.

(b) In the event of a proposed sale of all or substantially all of the assets of the Company or the merger of the Company with or into another corporation, the Option, to the extent then outstanding, shall be assumed or an equivalent award shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless such successor corporation does not agree to assume the award or to substitute an equivalent award, as determined in the discretion of the Committee, in which case the Committee shall, in lieu of such assumption or substitution, provide for the realization of the Option in the manner set forth in Section 6(a)(i) or 6(a)(ii) above.

(c) In the event of a "Change in Control" (as defined in the Plan), the Option, to the extent not previously vested and exercisable, shall become fully vested and exercisable as of the date of, and immediately before, such Change in Control. From and after such Change in Control, the Committee shall, in the case of a merger, consolidation or sale or disposition of assets, promptly make an appropriate adjustment to the amount and kind of shares or other securities or property receivable upon exercise and the Option Price per Share, and the Committee may, but is not required to, permit cancellation of the Option in exchange for a cash payment in an amount equal to the "Spread" (as defined in the Plan).

7. Adjustments. If there is any change in the shares of Common Stock through the declaration of extraordinary cash dividends, stock dividends, recapitalization, stock splits, or combinations or exchanges of such shares, or other similar transactions, the number and class of Shares subject to the Option and the Option Price per Share (but not the total purchase price) shall be proportionately adjusted by the Committee to reflect such change in the issued shares of Common Stock; provided, that any fractional shares resulting from such adjustment shall be eliminated. Adjustments under this Section 7 shall be made by the Compensation Committee whose determination with respect thereto shall be final and conclusive.

8. Notice. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed, by United States certified or registered mail, prepaid, to the parties or their assignees, if to the Company, addressed to Forward Air Corporation, Attention: Legal Department, 430 Airport Road, Greeneville, Tennessee 37745, and if to the Optionee, at the address set forth on the Signature Page (or such other address as shall be given in writing by either party to the other).

9. Method of Exercising Option. Subject to the terms and conditions of this Agreement, the Option may be exercised by written notice to the Company, at its principal office in the State of Tennessee, which is set forth in Section 8 hereof. Such notice shall state the election to exercise the Option and the number of Shares in respect of which it is being exercised and be accompanied by payment in full of the Option Price pursuant to Section 3 above and any applicable withholding taxes, and the Company shall deliver a certificate or certificates representing the Shares subject to such exercise as soon as practicable after the notice shall be received. The certificate or certificates for the Shares as to which the Option shall have been so exercised shall be registered in the name of the person so exercising the Option and shall be delivered as provided above to or upon the written order of the person exercising the Option. In the event the Option shall be exercised by

any person other than the Optionee in accordance with the terms hereof, such notice shall be accompanied by appropriate proof of right of such person to exercise the Option. All Shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and nonassessable. The holder of the Option shall not be entitled to the privileges of share ownership as to any shares of Common Stock not actually issued and delivered to the Optionee.

10. No Agreement to Employ. Nothing in this Agreement shall be construed to constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company to employ or retain the Optionee for any specific period of time.

11. Market Standoff Agreement. The Optionee agrees in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, the Optionee will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such underwriters, as the case may be, for a period of time (not to exceed 120 days) from the effective date of such registration as the Company or the underwriters may specify.

12. Stop-Transfer Notices. The Optionee understands and agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

13. Nonqualified Nature of the Option. The Option is intended to be a nonqualified stock option and is not intended to qualify as an incentive stock option within the meaning of Code section 422. The Optionee hereby acknowledges that, upon exercise of the Option, the Optionee will recognize compensation income in an amount equal to the excess of the then Fair Market Value of the Shares over the Option Price of the Shares and must comply with the provisions of Section 14 of this Agreement with respect to any tax withholding obligations that arise as a result of such exercise.

14. Withholding of Taxes.

(a) At the time the Option is exercised, in whole or in part, or at any time thereafter as requested by the Company, the Optionee hereby authorizes withholding from payroll or any other payment of any kind due to the Optionee and otherwise agrees to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the Option. The Company may require the Optionee to make a cash payment to cover any withholding tax obligation as a condition of exercise of the Option or issuance of share certificates representing Shares.

(b) The Committee may, in its sole discretion, permit the Optionee to satisfy, in whole or in part, any withholding tax obligation which may arise in connection with the Option either by electing to have the Company withhold from the Shares to be issued upon exercise that number of Shares, or by electing to deliver to the Company already-owned shares, in either case having a Fair Market Value not in excess of the amount necessary to satisfy the statutory minimum withholding amount due.

15. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, this Agreement, information with respect to the Plan or the Option, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. The Optionee may receive from the Company, at no cost to the Optionee, a paper copy of any electronically delivered documents. Requests should be made to the Secretary of the Company at 430 Airport Road, Greeneville, Tennessee 37745 (Telephone: (423) 636-7000).

16. Amendment. This Agreement may be amended from time to time by the Committee in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Option, as determined in the discretion of the Committee, except as provided in the Plan or in a written document signed by the Optionee and the Company.

17. Section 409A. This Agreement and the Option granted hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code and shall be so construed. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. Should any provision of the Plan or this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Committee and without requiring the Optionee's consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee by the Company of any particular tax effect to the Optionee.

18. Governing Law. The validity, construction, and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the district which includes the city or town in which the Company's principal executive office is located, and the Optionee hereby agrees and submits to the personal jurisdiction and venue thereof.

19. General. The Company shall at all times during the term of the Option reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement, shall pay all original issue and transfer taxes with respect to the issue and transfer of shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations, which, in the opinion of counsel for the Company, shall be applicable thereto. To the extent that this Agreement differs from the terms of the Plan, the terms of the Plan shall control. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

If the foregoing correctly sets forth your understanding of the terms and conditions governing the subject matter of this Agreement, please sign the enclosed Signature Page to this Agreement in the place indicated and return it to the corporate office.

Very truly yours,
FORWARD AIR

CORPORATION

By: ____________________________

Bruce A. Campbell
Chief Executive Officer and
President

Restricted Stock Agreement

Forward Air Corporation

Amended and Restated Stock Option and Incentive Plan

Grantee: ______________________

No. of Shares: ___________________

This Agreement (the "***Agreement***") evidences the award of ____________ restricted shares (each, an "***Award Share***," and collectively, the "***Award Shares***") of the Common Stock of Forward Air Corporation, a Tennessee corporation (the "***Company***"), granted to you, _______________________, effective as of ____________, 20__ (the "***Grant Date***"), pursuant to the Forward Air Corporation Amended and Restated Stock Option and Incentive Plan (the "***Plan***") and conditioned upon your agreement to the terms described below. All of the provisions of the Plan are expressly incorporated into this Agreement.

1. Terminology. Capitalized words used in this Agreement not defined above are defined in the Glossary at the end of this Agreement.

2. Vesting.

(a) All of the Award Shares are nonvested and forfeitable as of the Grant Date.

(b) So long as your Service with the Company is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, one-third ($1/3^{rd}$) of the Award Shares will vest and become nonforfeitable on each anniversary of the Grant Date, such that 100% of the Award Shares will be vested and nonforfeitable on the third anniversary of the Grant Date.

(c) If you die while in the Service of the Company or your Service terminates by reason of Disability, all of the Award Shares will become vested and nonforfeitable as of your death or such termination of employment.

(d) Unless otherwise determined by the Committee or as specified herein, none of the Award Shares will become vested and nonforfeitable after your Service with the Company ceases.

(e) To the extent not earlier vested or forfeited, all of the Award Shares will become vested and nonforfeitable upon the occurrence of a Change in Control.

3. Termination of Employment or Service.

(a) Unless otherwise determined by the Committee or as specified herein, if your Service with the Company ceases for any reason other than death or Disability, all Award Shares that are not then vested and nonforfeitable will be immediately forfeited by you and transferred to the Company upon such cessation for no consideration.

(b) You acknowledge and agree that upon the forfeiture of any unvested Award Shares in accordance with Section 3(a), (i) your right to vote and to receive cash dividends on, and all other rights, title or interest in, to or with respect to, the forfeited Award Shares shall automatically, without further act, terminate and (ii) the forfeited Award Shares shall be returned to the Company. You hereby irrevocably appoint (which appointment is coupled with an interest) the Company as your agent and attorney-in-fact to take any necessary or appropriate action to cause the forfeited Award Shares to be returned to the Company, including without limitation executing and delivering stock powers and instruments of transfer, making endorsements and/or making, initiating or issuing instructions or entitlement orders, all in your name and on your behalf. You hereby ratify and approve all acts done by the Company as such attorney-in-fact. Without limiting the foregoing, you expressly acknowledge and agree that any transfer agent for the Common Stock of the Company is fully authorized and protected in relying on, and shall incur no liability in acting on, any documents, instruments, endorsements, instructions, orders or communications from the Company in connection with the forfeited Award Shares or the transfer thereof, and that any such transfer agent is a third party beneficiary of this Agreement.

4. Restrictions on Transfer.

(a) Until an Award Share becomes vested and nonforfeitable, it may not be sold, assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process.

(b) Any attempt to dispose of any such Award Shares in contravention of the restrictions set forth in Section 4(a) of this Agreement shall be null and void and without effect. The Company shall not be required to (i) transfer on its books any Award Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Award Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares have been transferred in contravention of this Agreement.

5 . Stock Certificates. You are reflected as the owner of record of the Award Shares as of the Grant Date on the Company's books. The Company or an escrow agent appointed by the Committee will hold in escrow the share certificates for safekeeping, or the Company may otherwise retain the Award Shares in uncertificated book entry form, until the Award Shares become vested and nonforfeitable. Until the Award Shares become vested and nonforfeitable, any share certificates representing such shares will include a legend to the effect that you may not sell, assign, transfer, pledge, or hypothecate the Award Shares. All regular cash dividends on the Award Shares held by the Company will be paid directly to you on the dividend payment date. As soon as practicable after vesting of an Award Share, the Company will continue to retain the Award Share in uncertificated book entry form but remove the restrictions on transfer on its books with respect to that Award Share. Alternatively, upon your request, the Company will deliver a share certificate to you or deliver a share electronically or in certificate form to your designated broker on your behalf, for the vested Award Share.

6. Tax Election and Tax Withholding.

(a) You hereby agree to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the grant or vesting of the Award Shares. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of shares of Common Stock or redeeming Award Shares) the amount of any federal, state, local or foreign taxes required by law to be withheld as a result of the grant or vesting of the Award Shares in whole or in part; provided, however, that the value of the shares of Common Stock withheld may not exceed the statutory minimum withholding amount required by law. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Common Stock certificate under this Agreement until arrangements satisfactory to the Committee for such payment have been made.

(b) You hereby acknowledge that you have been advised by the Company to seek independent tax advice from your own advisors regarding the availability and advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and that any such election, if made, must be made within 30 days of the Grant Date. You expressly acknowledge that you are solely responsible for filing any such Section 83(b) election with the appropriate governmental authorities, irrespective of the fact that such election is also delivered to the Company. You may not rely on the Company or any of its officers, directors or employees for tax or legal advice regarding this award. You acknowledge that you have sought tax and legal advice from your own advisors regarding this award or have voluntarily and knowingly foregone such consultation.

7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of Award Shares and the number of such Award Shares that are nonvested and forfeitable shall, without further action of the Committee, be adjusted to reflect such event. Fractional shares that result from such adjustments shall be eliminated. Adjustments under this Section 7 will be made by the Committee, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Award Shares, to the same extent as the Award Shares with respect to which such additional and/or substitute securities are distributed, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock of the Company, or similar event. If the Award Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Award Shares.

8. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any Award Shares or any other adverse effect on your interests under the Plan.

9. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to the nonvested and forfeitable Award Shares, you will possess all incidents of ownership of the Award Shares, including the right to vote the Award Shares and receive dividends and/or other distributions declared on the Award Shares.

10. The Company's Rights. The existence of the Award Shares shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Corporate Secretary at its principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

12. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, this Agreement, information with respect to the Plan or the Award Shares, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents. Requests should be made to the Secretary of the Company at 430 Airport Road, Greeneville, Tennessee 37745 (Telephone: (423) 636 7000).

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Award Shares granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Award Shares granted hereunder shall be void and ineffective for all purposes.

14. Amendment. This Agreement may be amended from time to time by the Committee in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Award Shares as determined in the discretion of the Committee, except as provided in the Plan or in a written document signed by each of the parties hereto.

15. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Inconsistencies between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Committee.

16. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Greeneville, Tennessee, and you hereby agree and submit to the personal jurisdiction and venue thereof.

17. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

{*Glossary appears on next page*}

GLOSSARY

(a) "***Affiliate***" means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with Forward Air Corporation (including but not limited to joint ventures, limited liability companies and partnerships). For this purpose, "control" means ownership of 50% or more of the total combined voting power of all classes of stock or interests of the entity.

(b) "***Cause***" means a felony conviction of you or the failure of you to contest prosecution for a felony, or your gross negligence, willful misconduct or dishonesty, any of which is directly or materially harmful to the business or reputation of the Company, as determined by the Committee in its sole discretion.

(c) "***Change in Control***" shall have the meaning ascribed thereto in the Plan.

(d) "***Committee***" means the Board of Directors of Forward Air Corporation or such committee or committees appointed by the Board to administer the Plan.

(e) "***Company***" means Forward Air Corporation and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only Forward Air Corporation.

(f) "***Disability***" shall mean a disability as determined under procedures established by the Committee for purposes of the Plan.

(g) "**Service**" means your employment with the Company and its Affiliates. Your Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed or otherwise have a service relationship is not Forward Air Corporation or an Affiliate of Forward Air Corporation.

(h) "***You***"; "***Your***". You means the recipient of the Award Shares as reflected in the first paragraph of this Agreement. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the Award Shares may be transferred by will or by the laws of descent and distribution, the words "you" and "your" shall be deemed to include such person.

{*End of Agreement; Signature page follows.*}

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

FORWARD AIR CORPORATION

By: ______________________

Date: ____________________

The undersigned hereby acknowledges that he/she has carefully read this Agreement and agrees to be bound by all of the provisions set forth herein.

WITNESS: ______________________ GRANTEE: ______________________

Date: ______________________________

Enclosure: Prospectus for the Forward Air Corporation Amended and Restated Stock Option and Incentive Plan

IMPORTANT TAX INFORMATION

INSTRUCTIONS REGARDING SECTION 83(b) ELECTIONS

1. **The 83(b) Election is Irrevocable. The 83(b) Election is a voluntary election that is available to you. It is your decision whether to file an 83(b) Election.**

2. **If you choose to make an 83(b) Election, the 83(b) Election Form must be filed with the Internal Revenue Service within 30 days of the Grant Date; no exceptions to this rule are made.**

3. **If you choose to make an 83(b) Election, you must provide a copy of the 83(b) Election Form to the Corporate Secretary or other designated officer of the Company. This copy should be provided to the Company at the same time that you file your 83(b) Election Form with the Internal Revenue Service.**

4. **In addition to making the filing under Item 2 above, you must attach a copy of your 83(b) Election Form to your tax return for the taxable year that includes the Grant Date.**

5. **If you make an 83(b) Election and later forfeit the Award Shares, you will not be entitled to a refund of the taxes paid with respect to the gross income you recognized under the 83(b) Election.**

6. **You must consult your personal tax advisor before making an 83(b) Election. The attached election forms are intended as samples only, they must be tailored to your circumstances and may not be relied upon without consultation with a personal tax advisor.**

SECTION 83(b) ELECTION FORM

Election Pursuant to Section 83(b) of the Internal Revenue Code to Include Property in Gross Income in Year of Transfer

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. The name, address, and taxpayer identification number of the undersigned are:

____
____
____

___-__-____

2. The property with respect to which the election is made is _________ shares of Common Stock, par value $.01 per share, of Forward Air Corporation, a Tennessee corporation (the "Company").

3. The date on which the property was transferred was _____________, 20__, the date on which the taxpayer received the property pursuant to a grant of restricted stock.

4. The taxable year to which this election relates is calendar year 20__.

5. The property is subject to restrictions in that the property is not transferable and is subject to a substantial risk of forfeiture until the taxpayer vests in the property. The taxpayer will vest in one-third of the shares of Common Stock on ______________ __th of each of calendar years 20__, 20__ and 20__, provided the taxpayer is in the employ of the Company on such dates. Vesting also may accelerate upon the occurrence of certain events.

6. The fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the property with respect to which this election is being made is $________________ per share; with a cumulative fair market value of $______________. The taxpayer did not pay any amount for the property transferred.

7. A copy of this statement was furnished to Forward Air Corporation, for whom the taxpayer rendered the services underlying the transfer of such property.

8. This election is made to the same effect, and with the same limitations, for purposes of any applicable state statute corresponding to Section 83(b) of the Internal Revenue Code.

The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner of Internal Revenue.

Signed: ____

Date: __________________________

Letter for filing §83(b) Election Form

[Date]

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Internal Revenue Service Center

(the Service Center to which individual income tax return is filed)

Re: 83(b) Election of [Name]
Social Security Number: ______________________

Dear Sir/Madam:

Enclosed is an election under §83(b) of the Internal Revenue Code of 1986, as amended, with respect to certain shares of stock of Forward Air Corporation, a Tennessee corporation, that were transferred to me on _______________, 20__.

Please file this election.

Sincerely,

____
[Name]

cc: Corporate Secretary of Forward Air Corporation

Exhibit 10.25

Forward Air Corporation

Date: ______________

Name of Officer:

As you know, participants in our fiscal year 2010 annual incentive plan are eligible to receive payment of a discretionary annual incentive award, as a scaled percentage of base salary, depending on our level of achievement of specified operating income goals for the year. Annual incentive awards are typically determined by the compensation committee of our board of directors in February of the following year after our audited consolidated financial statements for the relevant fiscal year have been published.

We are pleased to announce that the compensation committee has determined to pay the annual incentive awards for fiscal year 2010 performance under a two-step process as described below and subject to the recipients' agreeing to the following terms and conditions of payment. Specifically, ninety percent (90%) of your estimated annual incentive award amount will be paid on or before December 31, 2010, with such amount to be determined based on our projected income from operations for fiscal year 2010 as reasonably estimated using the then-available information. The balance, if any, of the annual incentive award amount earned will be paid in 2011 as soon as practicable after the audited consolidated financial statements for fiscal year 2010 have been published and the aggregate amount of the annual incentive award earned for fiscal year 2010 is determined.

The aggregate amount of your fiscal year 2010 annual incentive award will be determined based upon our income from operations for fiscal year 2010 as reported in our audited consolidated financial statements for fiscal year 2010. Consequently, if the gross amount of the fiscal year 2010 annual incentive award payment paid to you before year end exceeds the aggregate amount of the award determined to have been earned by you based on the audited consolidated financial statements, you will be required to repay any excess amount to the company. To facilitate any such repayment, to the extent that the repayment amount is not paid by you to the company via a check or wire transfer, the company will be entitled to offset any other compensation payable to you from the company until the overpayment has been recouped in full.

Notwithstanding anything in this letter agreement to the contrary, your annual incentive award shall not be deemed fully earned and vested, even if paid, to the extent the incentive award becomes subject to recoupment pursuant to the provisions of Section 304 of the Sarbanes-Oxley Act, Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules promulgated under either such Act, and/or pursuant to the provisions of any clawback or recoupment policy adopted by the company, whether now or hereafter existing.

We hope you find this two-step payment process for the fiscal year 2010 annual incentive award helpful. We do not know whether the two-step payment process will be followed for future year awards. That determination will be made by the compensation committee on a year-by-year basis.

If you have questions regarding this payment process, you may contact our Chief Legal Officer, Matthew Jewell, at 404-362-2468 or at mjewell@forwardair.com. Otherwise, please return a countersigned copy of this letter to his attention at Forward Air Corporation, 2750 South Point Drive, Forest Park, GA 30297 to acknowledge your agreement to the terms and conditions of payment of your fiscal year 2010 annual incentive award. Please also keep a copy of this letter for your records.

Kind regards,

Bruce A. Campbell
Chairman, President and Chief Executive Officer

****

ACKNOWLEDGMENT:

By my signature below, I hereby acknowledge that I have read and understand the contents of this letter and agree that the receipt of any payment in connection with my fiscal year 2010 annual incentive award shall be subject to the terms and conditions described in this letter.

By: _________________________________ Date: ________________________

Exhibit 14.1

FORWARD AIR CORPORATION

Subject: CODE OF BUSINESS CONDUCT AND ETHICS

I. GENERAL POLICY

A. This Code of Business Conduct and Ethics (the "Code") embodies the commitment of Forward Air Corporation and each of its subsidiaries (collectively referred to herein as "Forward Air" or the "Company") to conduct its business in accordance with all applicable laws, rules and regulations and with high ethical, moral, and legal standards, efficiently, in good faith, with due care, and in the best interests of the Company, its employees and its owners. All employees, officers and directors have a primary duty to act at all times to uphold these standards and to act with honesty, integrity, fairness, accountability, respect in dealing with the Company's employees, customers, suppliers and investors and the general public and without actual or apparent conflict of interest.

B. This Code applies to all employees, officers and directors and serves as a guide in assessing and addressing legal and ethical obligations. The Code is not intended to be exhaustive and cannot address every possible situation that may arise. Accordingly, in addition to this Code, the Company maintains policy and procedure documents, and handbooks, that address specific subjects and situations. This Code covers some of the more important policies that govern the conduct of employees, officers and directors. In addition to the provisions set forth in this Code, our directors are subject to fiduciary duties under the laws of the State of Tennessee, our state of incorporation. Our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and other members of senior financial management are subject to specific provisions mandated by rules of the Securities and Exchange Commission (the "SEC"), as set forth in Section XX of this Code.

C. All employees (which term, as used in this Code, includes all officers, unless the context requires otherwise) are expected to conduct themselves in the performance of their jobs in a manner consistent with high ethical, moral, and legal standards. Compliance with the Code is the responsibility of each employee of the Company and is, in fact, a condition of employment. Violations of the Code may subject the violator to disciplinary action, including where appropriate termination of employment. Violations of certain parts of the Code may also subject the individual employee and the Company to civil and/or criminal liability.

D. If an employee is in doubt about any situation, advice should be sought. It is the responsibility of all employees to regularly review their knowledge and understanding of the Code and to uphold these standards in their daily business conduct.

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

II. EQUAL EMPLOYMENT OPPORTUNITY AND HARASSMENT

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

III. COMPLIANCE WITH LAWS AND REGULATIONS

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

IV. SECURITIES TRADING; DISCLOSURE OF INFORMATION TO THE PUBLIC

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

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

V. USE OF COMPANY RESOURCES AND CONFIDENTIAL INFORMATION

A. The Company's resources include, among many other valuable assets, its equipment, computers, facilities, proprietary business and technical information of the Company and of third parties that is in the Company's possession and the work time of Company employees.

B. Our employees have a personal responsibility to see that these resources are efficiently put to their intended use to create the highest quality customer services. Accordingly, the following shall apply:

1. Employees may receive medical, business and technical information in trust and are expected to maintain such information in confidence and not to disclose it to others or use it for other than the Company's benefit. All such information is for the sole and exclusive use of the Company. This information includes, but is not limited to, names of customers, vendors and suppliers, descriptions of equipment, facility layouts, systems software, operational records and personnel files, business plans, financial information, costs, projections, budgets and all documents and data which relate to such matters.

2. Employees may receive business, technical and related information of third parties that has been placed in the Company's possession in trust. They must maintain such information in confidence and not disclose it to others or use it for any purpose other than that for which it was intended.

3. Access to and use of Company resources is only permitted for valid Company purposes. Employees should report any misuse or misappropriation of Company assets to their immediate supervisor.

4. Commitments of Company resources may be made only in accordance with management's general or specific authorization. Managers should delegate authority judiciously, consistent with applicable law, and in accordance with Company policy. In addition, management-level personnel should ensure that employees clearly understand the scope of their responsibilities and the extent of their authority.

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

VI. CONFLICTS OF INTEREST

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

A. to have a material financial interest in, to have a position of material control or influence over, or to serve as an officer, manager, or consultant to any organization which has or seeks to have any business dealings with the Company or which is in actual or potential competition with the Company or, without the Company's written approval, to serve as a director of such an organization; (Note: ownership by a director, employee, or a family member, of one percent (1%) of shares in a publicly-held corporation will likely not be considered to create a conflict of interest.)

B. to buy, sell, or lease any kind of property, facilities, equipment, or service from or to the Company, or to have a financial interest in any such property, facilities, equipment, or service, without the written approval of the CEO and the Company’s Chief Legal Officer (or in the case of the of the CEO or the Company’s Chief Legal Officer, the approval of the Company's Board of Directors or an appropriate committee of the Board);

C. to use the Company's resources for any reason other than valid Company purposes;

D. to give, release, or discuss with anyone not authorized by the Company any data or information on Company activities which is not available to the general public and which may be used to the personal advantage of the recipient or to use such information to the personal advantage of the employee, the director, or their family or friends;

E. to usurp, directly or otherwise take advantage of any existing or potential business activity or opportunity that the Company has expressed an interest, or that was intended for the Company's benefit, for self gain or gain by a family member or friend; and

F. to engage in any business activity which may result in a conflict or the appearance of a conflict between the private interests of the employee, the director, or his or her family or friends, and the interests of the Company or which may interfere with or adversely affect the employee's or director's ability to perform his or her duties for the Company.

VII. ANTITRUST LAWS

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

VIII. GIFTS TO CUSTOMERS AND SUPPLIERS

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

A. Gifts in the form of cash, loans, stocks, or other types of cash equivalents must not be given regardless of amount.

B. Gifts and entertainment should be of nominal value only, not to exceed $100 in value, and must be consistent with accepted business practices and should comply with the policies of both the Company and the organization employing the recipient.

C. The gift and/or entertainment must be consistent with all applicable laws and regulations and in accordance with generally acceptable ethical practices in all governing jurisdictions.

D. The Company prohibits gifts and/or entertainment for government entities, government officials, political party officials, political parties or candidates for political office. The provision of such gifts must comply with Section X of this Code.

IX. RECEIPT OF GIFTS FROM VENDORS OR CUSTOMERS

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

A. Gifts, entertainment, or other preferential treatment must not be solicited by an employee, director or any of their family members or friends.

B. Employees and directors may accept common courtesies usually associated with accepted business practices.

C. Gifts in the form of cash, loans, securities, or other types of cash equivalents must not be accepted regardless of amount.

D. The offering of gifts, entertainment or other preferential treatment that exceeds nominal value, and in no event exceeds $100 in value, to an employee, director or any of their family members or friends should be promptly reported in writing by the employee to his or her Department Manager or by the director to the Board of Directors or a designated Board committee.

X. PAYMENTS TO GOVERNMENT OFFICIALS

A. Federal and state laws prohibits the offer, promise, or gift of anything of value to an employee, agent, or official of the government or any government entity if made with an intent to influence such individual within his or her area of responsibility. A number of other governmental subdivisions have similar laws and regulations.

B. In order to avoid any appearance of impropriety as well as any questions as to conduct under these laws and regulations, the Company has adopted a policy of prohibiting entertainment of and gifts, gratuities, and favors to federal, state and local government employees, agents, or officials. No Company employee, agent, consultant, joint venture partner or anyone else doing business in the Company's name may ever provide or promise to provide, directly or indirectly, any payment or anything else of value to any government official, political party official, political party or candidate for political office in order to obtain or retain business, or to secure preferential government treatment for the Company.

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

XI. MARKETING ARRANGEMENTS, UTILIZING AGENTS

SALES REPRESENTATIVES, OR CONSULTANTS

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

XII. POLITICAL AFFAIRS

A. It is the policy of the Company to maintain a continuing interest in political and governmental affairs at the national, state, or local levels, concentrating on those matters bearing on the interests of the Company. Employees, officers and directors are encouraged to participate in the electoral process at all levels of government by voting and supporting candidates and issues of his or her choice.

B. No Company funds will be used to make contributions or expenditures in connection with any election or political activity unless consistent with applicable law.

C. While encouraging employees, officers and directors to take a personal interest in politics, the Company will not pressure any person into political activity against their will or beyond their interests. Each individual must make his or her own decision as to the level and affiliation of his or her participation in politics. Since partisan political activity is highly personal, it must be done on his or her personal time and at his or her own expense.

D. The Company will continue to develop friendly working relationships with elected representatives and government officials so that mutual interests may be developed from time to time, but the Company, its employees, officers and directors must not engage in any conduct which would improperly influence or even give the appearance of improperly influencing a legislator or other government employee in the performance of his or her duties.

XIII. SAFETY AND HEALTH

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

XIV. COMMUNITY PARTICIPATION

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

XV. MAKING AND KEEPING PROPER BOOKS AND RECORDS

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

1. All payments and transactions must be supported by appropriate documents properly describing such payments or transactions.

2. No undisclosed, unrecorded, or unauthorized funds or assets may be established or maintained for any purpose; no secret or special books and records may be maintained for any purpose.

3. No false, improper, fraudulent or artificial entries shall be made in any records of the Company for any reason, and no employee shall engage in any arrangement that results in such prohibited acts.

4. Employees shall provide accurate information in response to inquiries from the Company's auditors and certified public accountants and from the Company's Chief Legal Officer.

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

XVI. GOVERNMENT IMPORT AND EXPORT CONTROLS

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

XVII. TRANSPORTATION REGULATIONS

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

XVIII. REPORTING PROCEDURE

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

XIX. CONFIDENTIAL REPORTING PROCEDURE

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

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

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

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

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

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

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

- A report will be forwarded to appropriate Company management for follow-up.

- The concern will be addressed by members of management that may include representatives from the Company's Legal Department or Internal Audit. If the inquiry is one that can be properly handled by someone in the region or district, it will be referred there for resolution. Each concern will be carefully evaluated before it is referred for investigation or resolution.

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

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

B. All reports of questionable conduct or conduct that is suspected of violating applicable laws the Code or other Company policies or procedures, regardless of the method by which the report is made, will be investigated and, if verified, appropriate disciplinary action up to and including dismissal will be taken against any employee who has violated applicable laws, the Code or other Company policies or procedures. The identity of the employee making the disclosure will not be revealed without the employee's permission, unless ordered by a court of law or requested by or pursuant to a grand jury, nor will the same be recorded in the Company's personnel information for that employee. The fact that an employee has reported suspected violations will not be the basis for any adverse personnel action against the reporting employee by the Company.

C. Employees should keep in mind that it is against the Code for any employee to attempt to slander another employee through false accusations, malicious rumors, or other untruths about another employee's conduct as it relates to compliance with the Code.

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

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

B. The CEO, the CFO and each senior financial manager shall promptly bring to the attention of the Audit Committee any information he or she may have concerning:

a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, or

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

C. The CEO, the CFO and each senior financial manager shall promptly report any information he or she may have concerning:

a) any violation of this Code, including any actual or apparent conflicts of interest between personal and professional relationships, involving management, any director or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls, or

b) evidence of a material violation of the securities or other laws, rules or regulations applicable to the Company and the operation of its business, by the Company or any agent thereof.

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

XXI. DISTRIBUTION AND ACKNOWLEDGMENT OF RECEIPT

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

XXII. WAIVERS

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

FORWARD AIR CORPORATION

CODE OF BUSINESS CONDUCT AND ETHICS CERTIFICATION

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

__________________________	_________________
Employee Signature	Date
__________________________	_________________
Printed Name	SSN or Employee No.
__________________________	_________________
Supervisor	Location

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in: (1) the Registration Statement (Form S-8 No. 333-125875) pertaining to the Forward Air Corporation 2005 Employee Stock Purchase Plan, (2) the Registration Statement (Form S-8 No. 333-120249) pertaining to the Forward Air Corporation Non-Employee Director Stock Plan, as amended, and the Forward Air Corporation 1999 Stock Option and Incentive Plan, as amended (3) the Registration Statement (Form S-8 No. 333-120250) pertaining to the Forward Air Corporation 2000 Non-Employee Director Stock Option Award, (4) the Registration Statement (Form S-8 No. 333-77944) pertaining to the Forward Air Corporation Stock Option and Incentive Plan and the Employee Stock Purchase Plan, (5) the Registration Statement (Form S-8 No. 333-03891) pertaining to the Forward Air Corporation Amended and Restated Stock Option and Incentive Plan, (6) the Registration Statement (Form S-8 No. 333-03893) pertaining to the Forward Air Corporation Non-Employee Director Stock Option Award and Non-Employee Director Stock Option Plan, (7) the Registration Statement (Form S-8 No. 333-94249) pertaining to the Forward Air Corporation 1999 Stock Option and Incentive Plan, (8) the Registration Statement (Form S-8 No. 333-134294) pertaining to the Forward Air Corporation 2006 Non-Employee Director Stock Plan, and (9) the Registration Statement (Form S-8 No. 333-151198) pertaining to the Forward Air Corporation Amended and Restated Stock Option and Incentive plan, of our reports dated February 24, 2011, with respect to the consolidated financial statements and schedule of Forward Air Corporation, and the effectiveness of internal control over financial reporting of Forward Air Corporation included in this Annual Report (Form 10-K) for the year ended December 31, 2010.

/s/Ernst & Young LLP

Nashville, Tennessee
February 24, 2011

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))

I, Bruce A. Campbell, Chairman, President, and Chief Executive Officer of Forward Air Corporation, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2010 of Forward Air Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2011

/s/ Bruce A. Campbell
Bruce A. Campbell
Chairman, President and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))

I, Rodney L. Bell, Chief Financial Officer, Senior Vice President and Treasurer of Forward Air Corporation, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2010 of Forward Air Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2011

/s/ Rodney L. Bell
Rodney L. Bell
Chief Financial Officer, Senior Vice
President and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Forward Air Corporation (the "Company") for the period ended December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bruce A. Campbell, Chairman, President, and Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2011

/s/ Bruce A. Campbell
Bruce A. Campbell
Chairman, President, and Chief
Executive Officer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Forward Air Corporation (the "Company") for the period ended December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Rodney L. Bell, Chief Financial Officer, Senior Vice President and Treasurer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2011

/s/ Rodney L. Bell
Rodney L. Bell
Chief Financial Officer, Senior Vice
President and Treasurer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.