

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 24, 2006

FORWARD AIR CORPORATION

(Exact name of registrant as specified in its charter)

Tennessee 000-22490 62-1120025

(State or other jurisdiction of incorporation) (Commission File Number) (I.R.S. Employer Identification No.)

430 Airport Road
Greeneville, Tennessee 37745

(Address of principal executive offices) (Zip Code)

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

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

SECTION 2. FINANCIAL INFORMATION.

Item 2.02. Results of Operations and Financial Condition.

Attached as Exhibit 99.1 and incorporated herein by reference is a copy of a press release, dated July 24, 2006, announcing the financial results of Forward Air Corporation for the quarter and six months ended June 30, 2006.

SECTION 9. FINANCIAL STATEMENTS AND EXHIBITS.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is being furnished as part of this Report.

Exhibit

Number	Description
99.1	Press Release of Forward Air Corporation dated July 24, 2006.

2

SIGNATURES

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

FORWARD AIR CORPORATION

Date: July 24, 2006

By: /s/ Rodney L. Bell

Rodney L. Bell
Chief Financial Officer
and Senior Vice President

3

EXHIBIT INDEX

No.	Exhibit
99.1	Press Release of Forward Air Corporation dated July 24, 2006.

Exhibit 99.1

Forward Air Corporation Reports Record Second Quarter 2006 Results;
12.0% Revenue Growth; 22.8% Operating Margin; 10.8% EPS Growth

GREENEVILLE, Tenn.--(BUSINESS WIRE)--July 24, 2006--Forward Air Corporation (NASDAQ:FWRD) today reported record results for the second quarter ended June 30, 2006. This is the fourteenth consecutive quarter of record growth for the Company.

Operating revenue for the quarter ended June 30, 2006 increased 12.0% to a record \$86.8 million from \$77.5 million for the same quarter in 2005. Income from operations was \$19.8 million, compared with \$16.8 million in the prior-year quarter, an increase of 17.7%. As a percent of operating revenue, income from operations improved to 22.8% from 21.7% for the same quarter last year. Net income during the period increased by \$1.1 million, or 8.9%, to \$13.0 million from \$12.0 million in the prior-year quarter. Diluted income per share from operations for the second quarter of 2006 was \$0.41 compared with \$0.37 in the prior-year quarter, an increase of 10.8%. The second quarter of 2005 included a one-time gain of \$0.9 million after-tax income, or \$0.03 per diluted share, from the Company's settlement of its lawsuit with the City of Atlanta.

Operating revenue for the six months ended June 30, 2006 increased 15.0% to \$169.1 million from \$147.0 million for the same period in 2005. Income from operations was \$36.7 million, compared with \$30.2 million in the prior-year period, an increase of 21.7%. As a percent of operating revenue, income from operations expanded to 21.7% for the first six months of 2006 from 20.5% in 2005. Net income during the period increased 16.4% to \$24.0 million from \$20.6 million in the prior-year period. Diluted income per share from operations for the first six months of 2006 was \$0.75 compared with \$0.63 in the prior-year period, an increase of 19.0%.

Commenting on the Company's second quarter results, Bruce A. Campbell, President and CEO, said, "The results delivered during the second quarter by our team were truly outstanding, highlighted by an industry leading operating margin of 22.8%, and it was especially pleasing to see the 33.7% revenue growth in our logistics segment, which has been a point of emphasis for our company. As anticipated with the one-year anniversary of the XGS acquisition, our system revenue growth slowed but we feel we have positioned this segment for future growth with the implementation of our Forward Air Complete(TM) service offering and, as previously announced, the partnership with DHL Global Forwarding to be their primary ground transportation provider effective July 1, 2006."

Commenting further, Rodney L. Bell, Senior Vice President and CFO, said, "The second quarter was another outstanding cash flow quarter for the Company. We generated \$13 million of cash flow from operations bringing our year-to-date total to \$22 million. Cash and short term investments increased by \$11 million during the quarter to a total of \$93 million at quarter-end."

Review of Financial Results

Forward Air will hold a conference call to discuss second quarter 2006 results on Tuesday, July 25, 2006, at 9:00 a.m. EDT. The Company's conference call will be available online at www.forwardair.com or by dialing 800-659-1966. A replay of the conference call will be available at www.forwardair.com beginning shortly after the completion of the live call.

About Forward Air

Forward Air is a high-service-level contractor to the air cargo industry providing time-definite ground transportation services through a network of 81 terminals located on or near major airports in the United States and Canada. The Company provides these services as a cost-effective alternative to air transportation of cargo that must be delivered at a specific time but is relatively less time-sensitive than traditional air freight or when air transportation is not economical.

(In thousands, except per share data)

	Three months ended		Six Months Ended	
	6/30/06	6/30/05 (a)	6/30/06	6/30/05 (a)
Operating revenue	\$86,779	\$77,488	\$169,109	\$147,021
Operating expenses:				
Purchased transportation	35,134	31,003	67,570	59,482
Salaries, wages and employee benefits	18,330	16,367	37,123	31,819
Operating leases	3,422	3,376	6,868	6,712
Depreciation and amortization	2,052	1,969	4,451	3,822
Insurance and claims	1,710	1,839	3,191	3,021
Other operating expenses	6,364	6,143	13,183	11,993
Total operating expenses	67,012	60,697	132,386	116,849
Income from operations	19,767	16,791	36,723	30,172
Other income, net	871	2,191	1,480	2,708
Pre-tax income	20,638	18,982	38,203	32,880
Income taxes	7,617	7,028	14,174	12,233
Net income	\$13,021	\$11,954	\$24,029	\$20,647
Income per share:				
Basic	\$ 0.41	\$ 0.37	\$ 0.77	\$ 0.64
Diluted	\$ 0.41	\$ 0.37	\$ 0.75	\$ 0.63

Weighted average shares

outstanding:

Basic	31,431	32,277	31,354	32,282
Diluted	31,928	32,621	31,852	32,674

FORWARD AIR CORPORATION
Condensed Consolidated Balance Sheets
(In thousands)

6/30/06 12/31/05

(Unaudited) Audited (a)

Assets:

Cash and short-term investments	\$ 93,317	\$ 79,332
Other current assets	56,694	57,402
Property and equipment, net	47,497	47,222
Other assets	28,019	28,644
Total assets	\$225,527	\$212,600

Liabilities and Shareholders' Equity:

Current liabilities	\$ 17,601	\$ 25,964
Long-term obligations	8,959	7,820
Shareholders' equity	198,967	178,816
Total liabilities and shareholders' equity	\$225,527	\$212,600

(a) Taken from audited financial statements, which are not presented in their entirety.

FORWARD AIR CORPORATION
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

Six months ended

	June 30, 2006	June 30, 2005
Operating activities:		
Net income	\$ 24,029	\$ 20,647
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,451	3,822
Share-based compensation	580	--
Atlanta condemnation settlement gain	--	(1,428)
Other non-cash charges	--	274
(Gain) loss on sale of property and equipment	(165)	31
Provision for loss (recovery) on receivables	39	(190)
Provision for revenue adjustments	1,083	964
Deferred income taxes	1,569	(384)
Changes in operating assets and liabilities:		
Accounts receivable	(3,508)	(2,657)
Inventories	(28)	(216)
Prepaid expenses and other current assets	(717)	(917)
Accounts payable and accrued expenses	(6,861)	(3,352)
Income taxes	2,920	2,634
Tax benefit of stock options exercised	(1,423)	588
Net cash provided by operating activities	21,969	19,816
Investing activities:		
Proceeds from disposal of property and equipment	3,200	51
Purchases of property and equipment	(5,190)	(2,114)
Proceeds from sales or maturities of available-for-sale securities	114,404	171,869
Purchases of available-for-sale securities	(115,699)	(146,040)
Acquisition of business	--	(12,750)
Proceeds from Atlanta condemnation settlement/release of amounts held in escrow	--	2,765
Other	(13)	(17)
Net cash (used in) provided by investing activities	(3,298)	13,764
Financing activities:		
Payments of capital lease obligations	(19)	(14)
Payments on line of credit	(1,504)	--
Proceeds from exercise of stock options	4,183	1,219
Payments of cash dividends	(4,407)	(3,878)
Cash paid for fractional shares in 3-for-2 stock split	--	(44)
Common stock issued under employee stock purchase plan	115	130
Repurchase of common stock	(5,772)	(22,893)
Tax benefit of stock options exercised	1,423	--
Net cash used in financing activities	(5,981)	(25,480)
Net increase in cash	12,690	8,100
Cash at beginning of period	332	78
Cash at end of period	\$ 13,022	\$ 8,178
Common stock repurchase liabilities included in accounts payable	\$ --	\$ 3,545

Important Information

This press release contains "forward-looking statements," as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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.

CONTACT: Forward Air Corporation, Greeneville
Rodney L. Bell, 423-636-7000
rbell@forwardair.com