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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2005
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)

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

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES ☒ NO

The number of shares outstanding of the registrant's common stock, $0.01 par value, as of August 4, 2005 was 31,625,272.

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Condensed Consolidated Balance Sheets

	June 30, 2005	December 31, 2004
	(Unaudited)	(Note 1)
	(In thousands, except share data)	
Assets		
Current assets:		
Cash	$ 8,178	$ 78
Short-term investments	85,771	111,600
Accounts receivable, less allowance of $949 in 2005 and $1,072 in 2004	40,217	38,334
Other current assets	7,884	9,410
Total current assets	142,050	159,422
Property and equipment	82,617	81,225
Less accumulated depreciation and amortization	47,015	43,939
Total property and equipment, net	35,602	37,286
Acquired intangibles, less accumulated amortization of $106	12,644	—
Other assets	16,522	17,845
Total assets	$ 206,818	$ 214,553
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 12,568	$ 10,026
Accrued expenses	13,243	15,592
Current portion of capital lease obligations	43	39
Total current liabilities	25,854	25,657
Capital lease obligations, less current portion	849	867
Deferred income taxes	6,617	7,026
Shareholders' equity:		
Preferred stock	—	—
Common stock, $0.01 par value:		
Authorized shares - 50,000,000		
Issued and outstanding shares – 31,562,787 in 2005 and 32,397,747 in 2004	316	324
Additional paid-in capital	12,016	36,279
Accumulated other comprehensive income	1	4
Retained earnings	161,165	144,396
Total shareholders' equity	173,498	181,003
Total liabilities and shareholders' equity	$ 206,818	$ 214,553

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

Forward Air Corporation

Condensed Consolidated Statements of Income
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
	(In thousands, except per share data)			
Operating revenue	$ 77,488	$ 68,410	$ 147,021	$ 132,713
Operating expenses:				
Purchased transportation	31,003	27,925	59,482	54,919
Salaries, wages and employee benefits	16,367	15,110	31,819	29,783
Operating leases	3,376	3,191	6,712	6,453
Depreciation and amortization	1,969	1,696	3,822	3,395
Insurance and claims	1,839	1,827	3,021	3,249
Other operating expenses	6,143	5,257	11,993	10,776
Total operating expenses	60,697	55,006	116,849	108,575
Income from operations	16,791	13,404	30,172	24,138
Other income (expense):				
Interest expense	(31)	(14)	(45)	(28)
Other, net	2,222	222	2,753	399
Total other income	2,191	208	2,708	371
Income before income taxes	18,982	13,612	32,880	24,509
Income taxes	7,028	5,104	12,233	9,194
Net income	$ 11,954	$ 8,508	$ 20,647	$ 15,315
Income per share:				
Basic	$ 0.37	$ 0.26	$ 0.64	$ 0.47
Diluted	$ 0.37	$ 0.26	$ 0.63	$ 0.47
Dividends declared per share	$ 0.06	$ —	$ 0.12	$ —

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

Forward Air Corporation

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended	
	June 30, 2005	June 30, 2004
	(In thousands)	
Operating activities:		
Net income	$ 20,647	$ 15,315
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,822	3,395
Atlanta condemnation settlement gain	(1,428)	—
Other non-cash charges	274	—
Loss on sale of property and equipment	31	34
Deferred income taxes	(384)	1,840
Changes in operating assets and liabilities:		
Accounts receivable	(1,883)	(2,372)
Inventories	(216)	52
Prepaid expenses and other current assets	(917)	(1,452)
Accounts payable and accrued expenses	(3,352)	1,149
Income taxes	2,634	(520)
Tax benefit of stock options exercised	588	92
Net cash provided by operating activities	19,816	17,533
Investing activities:		
Proceeds from disposal of property and equipment	51	8
Purchases of property and equipment	(2,114)	(3,294)
Proceeds from sales or maturities of available-for-sale securities	171,869	142,116
Purchases of available-for-sale securities	(146,040)	(162,915)
Acquisition of business	(12,750)	—
Proceeds from Atlanta condemnation settlement	2,765	—
Other	(17)	(84)
Net cash provided by (used in) investing activities	13,764	(24,169)
Financing activities:		
Payments of capital lease obligations	(14)	(15)
Proceeds from exercise of stock options	1,219	859
Payments of cash dividends	(3,878)	—
Cash paid for fractional shares in stock split	(44)	—
Common stock issued under employee stock purchase plan	130	130
Repurchase of common stock	(22,893)	(1,810)
Net cash used in financing activities	(25,480)	(836)
Net increase (decrease) in cash	8,100	(7,472)
Cash at beginning of period	78	16,362
Cash at end of period	$ 8,178	$ 8,890
Common stock repurchase liabilities included in accounts payable	$ 3,545	$ —

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

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements
(Unaudited)
June 30, 2005

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. For further information, refer to the consolidated financial statements and footnotes thereto included in the Forward Air Corporation Annual Report on Form 10-K for the year ended December 31, 2004.

The balance sheet at December 31, 2004 has been derived from the audited financial statements at that date, but does not include all of the financial information and footnotes required by United States generally accepted accounting principles for complete financial statements.

2. Investments

The Company had a total of $85.8 million and $111.6 million in available-for-sale securities as of June 30, 2005 and December 31, 2004, respectively. In the 2004 quarterly reporting, the Company had considered its municipal bonds with the option to go to auction every 7-35 days ("auction rate securities") as cash and cash equivalents. Since the stated maturities on the auction rate securities were in excess of three months from the time of purchase, the auction rate securities meet the Company's policy for classification as available-for-sale securities. Securities are classified as available for sale when the Company does not intend to hold the securities to maturity nor regularly trade the securities. There was a reclassification of $17.8 million from net increase in cash and cash equivalents to net cash used in investing activities related to the purchases and sales of available-for-sale securities for the six months ended June 30, 2004 in the condensed consolidated statements of cash flows.

3. Comprehensive Income

Comprehensive income includes any changes in the equity of the Company from transactions and other events and circumstances from non-owner sources. Comprehensive income for the quarter and six months ended June 30, 2005 was $12.0 million and $20.6 million, respectively, which includes $0 and $3,000 in unrealized losses, respectively, on available-for-sale securities. Comprehensive income for the quarter and six months ended June 30, 2004 was $8.5 million and $15.3 million, respectively, which includes $1,000 and $1,000 in unrealized gains, respectively, on available-for-sale securities.

4. Employee Stock Options

The Company grants options for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the grant date. The Company accounts for employee stock option grants using the intrinsic value method in accordance with Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and, accordingly, recognizes no compensation expense for the stock option grants. The Company follows the disclosure option of Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock Based Compensation*, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure*, which requires that the information be disclosed as if the Company accounted for its stock options granted subsequent to December 31, 1994 under the fair value method.

4. Employee Stock Options (continued)

For purposes of pro forma disclosures, the estimated fair value of the stock options is amortized to expense over the options' vesting period. The Company's pro forma information follows (in thousands, except per share data):

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Net income, as reported	$ 11,954	$ 8,508	$ 20,647	$ 15,315
Pro forma compensation expense, net of tax	(1,045)	(655)	(1,853)	(1,312)
Pro forma net income	$ 10,909	$ 7,853	$ 18,794	$ 14,003
As reported net income per share:				
Basic	$ 0.37	$ 0.26	$ 0.64	$ 0.47
Diluted	$ 0.37	$ 0.26	$ 0.63	$ 0.47
Pro forma net income per share:				
Basic	$ 0.34	$ 0.24	$ 0.58	$ 0.43
Diluted	$ 0.33	$ 0.24	$ 0.58	$ 0.43

5. Net Income and Dividends Per Share

On February 15, 2005, the Company's Board of Directors declared a three-for-two stock split of common stock to be effected in the form of a stock dividend to shareholders of record as of March 18, 2005. Common stock issued and additional paid-in capital have been restated to reflect the split for all periods presented. All common share and per share data included in the condensed consolidated financial statements and notes thereto have been restated to give effect to the stock split.

During the three months ended March 31, 2005 and June 30, 2005, dividends of $0.06 per share were declared on 32.3 million shares of common stock then outstanding. The quarterly dividends were paid on April 18, 2005 and June 3, 2005. The Company had never declared a dividend prior to February 15, 2005. Subsequent to June 30, 2005, the Company declared a $0.06 per share dividend that will be paid in the third quarter. 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.

5. Net Income Per Share (continued)

The following table sets forth the computation of basic and diluted income per share (in thousands, except per share data):

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Numerator:				
Numerator for basic and diluted income per share - net income	$ 11,954	$ 8,508	$ 20,647	$ 15,315
Denominator:				
Denominator for basic income per share - weighted-average shares	32,277	32,246	32,282	32,255
Effect of dilutive stock options	344	451	392	414
Denominator for diluted income per share - adjusted weighted-average shares	32,621	32,697	32,674	32,669
Basic income per share	$ 0.37	$ 0.26	$ 0.64	$ 0.47
Diluted income per share	$ 0.37	$ 0.26	$ 0.63	$ 0.47

6. Acquisition of Certain Assets of the Airport-to-Airport Operations of U.S. Xpress Enterprises, Inc.

On May 28, 2005, the Company acquired certain assets of the airport-to-airport operations of U.S. Xpress Enterprises, Inc. (“USX”) for $12.75 million in cash. In connection with the purchase, the Company acquired the airport-to-airport customer list of USX and USX agreed not to compete in the airport-to-airport market for a period of ten years. The preliminary purchase price allocation in accordance with SFAS No 141, *Business Combinations*, is acquired intangible assets with a total value of $12.75 million (majority of the allocation to the non-compete agreement). The acquired intangible assets will be amortized over a period of ten years. The Company began amortizing the assets on a straight-line basis during the last month of the second quarter and anticipates that the ongoing quarterly amortization expense will be $0.3 million. The preliminary purchase price allocation is subject to refinement. The results of operations of the USX airport-to-airport operations are included in the consolidated income statement from May 28, 2005 through June 30, 2005.

The airport-to-airport business had been reported by USX as a part of the Xpress Global Systems (“XGS”) business segment. XGS had total revenue for the year ended December 31, 2004 of approximately $159.0 million, of which an estimated $57.0 million was attributable to the airport-to-airport operations. The XGS segment reported an operating loss of $5.0 million for the year ended December 31, 2004. USX did not account for the related expenses of the airport-to-airport operations separately within the XGS segment and, accordingly, the USX operating profit or loss attributable to the airport-to-airport operations is not known.

7. Income Taxes

For the three and six months ended June 30, 2005 and June 30, 2004, the effective income tax rates varied from the statutory federal income tax rate of 35.0% primarily as a result of the effect of state income taxes, net of the federal benefit, and permanent differences between book and tax net income.

8. Commitments and Contingencies

The primary claims in the Company's business are 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 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.

Atlanta Terminal Condemnation

During the fourth quarter of 2002, the City of Atlanta filed a Petition for Condemnation and Declaration of Taking for a terminal facility owned by Transportation Properties, Inc. and leased by Forward Air, Inc., two of the Company's wholly owned subsidiaries. The condemnation was filed in connection with the fifth runway airport expansion project at Atlanta Hartsfield-Jackson International Airport. According to the 2002 condemnation petition, the City of Atlanta took ownership of the property and building and deposited $2.6 million into the Registry of the Court as compensation to Transportation Properties, Inc. The Company filed a protest to the City of Atlanta's evaluation of the property and building and also challenged the method of condemnation it utilized. Prior to December 2003, the City of Atlanta destroyed the condemned building in conjunction with the runway expansion project. On or about December 30, 2003, the Superior Court of Clayton County, Georgia (the "Court") ruled that the City of Atlanta's method of condemnation was improper and returned ownership of the land to the Company.

During January 2004, the City of Atlanta filed a second condemnation petition to obtain title to the land. In connection with this second petition, the City of Atlanta deposited an additional $1.3 million into the Registry of the Court, which was the City of Atlanta's estimated fair market value of the land. The City of Atlanta petitioned the Court and was granted the right to withdraw the original $2.6 million escrow balance it paid into the Court as part of the first petition for condemnation. The Company and its outside counsel believed that the December 30, 2003 ruling by the Court and the City of Atlanta's actions subsequent to the first condemnation gave rise to additional theories of recovery. The Company challenged the method of condemnation set forth in the second petition and the withdrawal of the original $2.6 million escrow balance. Additionally, the Company had claims for damages arising from the City of Atlanta's destruction of the Company's building during the wrongful possession of the property by the City of Atlanta. As of December 31, 2004, the Company had received the $1.3 million escrow into cash and had a $1.3 million receivable for the difference in the original $2.6 million escrow and actual $1.3 million in escrow received.

In the second quarter of 2005, an agreement was reached with the City of Atlanta to settle the dispute. In the settlement, the City of Atlanta paid the Company approximately $2.7 million, which represents payment of the receivable of $1.3 million along with additional pre-tax gain of approximately $1.4 million, included in other income, net. The cash received is net of attorney's fees.

During the second half of 2005, the Company has commitments to acquire 825 new trailers with an approximate cost of $18.5 million. These commitments are expected to be funded by proceeds from the sale of existing equipment, cash flows from operations, as well as cash and short-term investments on hand.

9. Impact of Recently Issued Accounting Standards

On December 16, 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (Revised 2004), *Share-Based Payment*, which is a revision of SFAS No. 123, *Accounting for Stock-Based Compensation*. SFAS No. 123R supersedes Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends SFAS No. 95, *Statement of Cash Flows.* Generally, the approach in SFAS No. 123R is similar to the approach described in SFAS No. 123. However, SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an option.

Originally, SFAS No. 123R was to be adopted no later than July 1, 2005, although early adoption was allowable. However, on April 14, 2005, the Securities and Exchange Commission ("SEC") announced that the effective date of SFAS No. 123R will be suspended until January 1, 2006, for calendar year companies. At this time, the Company plans to adopt SFAS No. 123R using the modified-retrospective method.

As permitted by SFAS No. 123, the Company currently accounts for share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of SFAS No. 123R's fair value method will have significant impact on our results of operations, although it will have no impact on our overall financial position. The impact of adoption of SFAS No. 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted SFAS No. 123R in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net income and earnings per share in Note 4 to our condensed consolidated financial statements.

In January 2003, the FASB issued Interpretation No. 46, *Consolidation of Variable Interest Entities*. This interpretation of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, sets forth criteria under which a company must consolidate certain variable interest entities. Interpretation No. 46 places increased emphasis on controlling financial interests when determining if a company should consolidate a variable interest entity. The Company adopted the provisions of Interpretation No. 46 during the first quarter of fiscal 2004 as a result of the FASB deferring the effective date of FASB Interpretation No. 46 for variable interests held by public companies. The adoption of Interpretation No. 46 had no impact on the Company's financial position or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

We provide scheduled ground transportation of cargo on a time-definite basis. As a result of our established transportation schedule and network of terminals, our operating cost structure includes significant fixed costs. Our ability to improve our operating margins will depend on, among other things, our ability to increase the volume of freight moving through our network. Additional information regarding our business is described in our 2004 Annual Report on Form 10-K.

Critical Accounting Policies

A summary of significant accounting policies is disclosed in Note 1 to the Consolidated Financial Statements included in our 2004 Annual Report on Form 10-K. Our critical accounting policies are further described under the caption "Discussion of Critical Accounting Policies" in Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2004 Annual Report on Form 10-K. There have been no changes in the nature of our critical accounting policies or the application of those policies since December 31, 2004.

Risk Factors

A summary of factors which could affect results and cause results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf, are further described under the caption "Risk Factors" in the Business portion of our 2004 Annual Report on Form 10-K. There have been no changes in the nature of these factors since December 31, 2004.

Results of Operations

The following table shows the percentage relationship of expense items to operating revenue for the periods indicated. In the accompanying discussion, all percentage figures are as a percent of operating revenue with the exception of revenue growth rates.

	Three months ended		Six months ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Operating revenue	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Purchased transportation	40.0	40.8	40.5	41.4
Salaries, wages and employee benefits	21.1	22.1	21.6	22.4
Operating leases	4.4	4.7	4.6	4.9
Depreciation and amortization	2.5	2.5	2.6	2.6
Insurance and claims	2.4	2.7	2.1	2.4
Other operating expenses	7.9	7.6	8.1	8.1
Total operating expenses	78.3	80.4	79.5	81.8
Income from operations	21.7	19.6	20.5	18.2
Other income (expense):				
Interest expense	—	—	—	—
Other, net	2.8	0.3	1.8	0.3
Total other income	2.8	0.3	1.8	0.3
Income before income taxes	24.5	19.9	22.3	18.5
Income taxes	9.1	7.5	8.3	7.0
Net income	15.4%	12.4%	14.0%	11.5%

Three Months Ended June 30, 2005 compared to Three Months Ended June 30, 2004

Operating revenue increased by $9.1 million, or 13.3%, to $77.5 million in the second quarter of 2005 from $68.4 million in the same period of 2004. This increase resulted from an increase in traditional airport-to-airport revenue of $9.2 million to $66.7 million, a decrease in logistics revenue of $0.1 million to $6.0 million and flat accessorial revenue of $4.8 million. Traditional airport-to-airport revenue was impacted by an increase in average weekly tonnage of 7.9% and a 7.6% increase in average revenue per pound, including the impact of fuel surcharge, versus the second quarter of 2004. The increase in airport-to-airport revenue was driven, in part, by the acquisition of certain assets of U.S. Xpress Enterprises, Inc. ("USX").

Purchased transportation represented 40.0% of operating revenue in the second quarter of 2005 compared to 40.8% in the same period of 2004. The decrease in purchased transportation as a percent of operating revenue was primarily the result of an increase in operating revenue, higher revenue per pound and better load averages. For the second quarter of 2005, traditional airport-to-airport and logistics purchased transportation costs represented 38.4% and 71.2%, respectively, of operating revenue versus 39.6% and 65.7%, respectively, during the same period in 2004.

Salaries, wages and employee benefits were 21.1% of operating revenue in the second quarter of 2005 compared to 22.1% for the same period of 2004. The decrease in salaries, wages and employee benefits as a percentage of operating revenue was attributed to a 0.9% decrease in salaries and wages, including incentives and a 0.1% decrease in workers' compensation expenses. These decreases were offset, in part, by a 0.1% increase in health care costs.

Operating leases, the largest component of which is facility rent, were 4.4% of operating revenue in the second quarter of 2005 compared to 4.7% in the same period of 2004. The decrease in operating leases as a percentage of operating revenue between periods was primarily attributable to an increase in operating revenue as the actual dollar amount for operating leases increased during the period as the Company expanded the amount of space rented versus the prior-year period.

Depreciation and amortization expense as a percentage of operating revenue was 2.5% in the second quarter of 2005, compared to 2.5% in the same period of 2004. Depreciation and amortization expense as a percentage of operating revenue remained flat versus the prior period and increased on a dollar amount basis as the result of increased amortization associated with the purchase of certain assets of USX and increased depreciation expense associated with new equipment purchased during the prior twelve-month period.

Insurance and claims were 2.4% of operating revenue in the second quarter of 2005, compared to 2.7% in the same period of 2004. The decrease in insurance and claims as a percentage of operating revenue resulted from an increase in operating revenue. Amounts paid for insurance decreased by 0.1% of operating revenue while claims expense decreased by 0.2%.

Other operating expenses were 7.9% of operating revenue in the second quarter of 2005 compared to 7.6% in the same period of 2004. The increase in other operating expenses as a percentage of operating revenue was primarily attributable to an increase in taxes and license fees and miscellaneous operating expenses of 0.2% and 0.2% of operating revenue, respectively. These increases were offset, in part, by a 0.1% decrease in miscellaneous corporate expenses.

Income from operations increased by $3.4 million, or 25.4%, to $16.8 million for the second quarter of 2005 compared with $13.4 million for the same period in 2004. The increase in income from operations was primarily a result of the increase in operating revenue, which was offset by variable cost components while fixed cost components remained essentially the same leading to greater profitability.

Interest expense was $31,000, or less than 0.1% of operating revenue, in the second quarter of 2005, compared with $14,000, or less than 0.1% of operating revenue, for the same period in 2004.

Other income, net was $2.2 million, or 2.8% of operating revenue, in the second quarter of 2005, compared to $0.2 million, or 0.3%, for the same period in 2004. Approximately $1.4 million of the increase was the result of a lawsuit settlement discussed in Note 8 to our condensed consolidated financial statements. Additionally, other income, net increased as the result of higher yields on higher average balances in both cash and cash equivalents and available-for-sale securities during the second quarter of 2005.

The combined federal and state effective tax rate for the second quarter of 2005 was 37.0% compared to a rate of 37.5% for the same period in 2004 as the result of higher other income, net generated from investments in tax-free securities.

As a result of the foregoing factors, net income increased by $3.4 million, or 40.5%, to $12.0 million for the second quarter of 2005, compared to $8.5 million for the same period in 2004.

Six Months Ended June 30, 2005 compared to Six Months Ended June 30, 2004

Operating revenue increased by $14.3 million, or 10.8%, to $147.0 million in the first six months of 2005 from $132.7 million in the same period of 2004. This increase resulted from an increase in traditional airport-to-airport revenue of $13.6 million to $125.5 million, an increase in logistics revenue of $0.6 million to $11.9 million and an increase in other accessorial revenue of $0.1 million to $9.6 million. Traditional airport-to-airport revenue was impacted by an increase in average weekly tonnage of 5.2% and a 6.6% increase in average revenue per pound, including the effect of fuel surcharge, versus the first six months of 2004. The increase in airport-to-airport revenue was driven, in part, by the acquisition of certain assets of USX.

Purchased transportation represented 40.5% of operating revenue in the first six months of 2005 compared to 41.4% in the same period of 2004. The decrease in purchased transportation costs as a percent of operating revenue was primarily the result of increases in volume, rates and efficiencies in the traditional airport-to-airport network. For the first six months of 2005, traditional airport-to-airport and logistics purchased transportation costs represented 39.0% and 70.4%, respectively, of operating revenue versus 40.4% and 66.5%, respectively, during the same period in 2004.

Salaries, wages and employee benefits were 21.6% of operating revenue in the first six months of 2005 compared to 22.4% for the same period of 2004. Salaries and wages, including incentives, decreased by 0.7% of operating revenue and health care costs decreased by 0.1% of operating revenue versus last year. These decreases were offset, in part, by a 0.2% of operating revenue increase in workers' compensation expenses during the first six months of this year versus last.

Operating leases, the largest component of which is facility rent, were 4.6% of operating revenue in the first six months of 2005 compared to 4.9% in the same period of 2004. The decrease in operating leases as a percentage of operating revenue between periods was primarily attributable to an increase in operating revenue. We had the same number of leased facilities in the first six months of 2005, although we expanded the amount of space rented versus the prior-year period.

Depreciation and amortization expense as a percentage of operating revenue was 2.6% in the first six months of 2004, compared to 2.6% in the same period of 2004. Depreciation and amortization expense as a percentage of operating revenue remained flat primarily as a result of an increase in operating revenue. The actual dollar amount for depreciation and amortization increased during this period as the result of the increase in depreciation expense associated with new equipment purchased during the last twelve months, as well as the amortization associated with the purchase of certain assets of USX.

Insurance and claims were 2.1% of operating revenue in the first six months of 2005, compared to 2.4% in the same period of 2004. The increase in insurance and claims as a percentage of operating revenue resulted, in part, from an increase in the severity of claims during the period. Amounts paid for insurance decreased by 0.3% of operating revenue while claims expense increased by 0.1% of operating revenue during the period.

Other operating expenses remained flat at 8.1% of operating revenue in the first six months of 2005 compared to 8.1% in the same period of 2004.

Income from operations increased by $6.1 million, or 25.3%, to $30.2 million for the first six months of 2005 compared with $24.1 million for the same period in 2004. The increase in income from operations was primarily a result of the increase in operating revenue, including fuel surcharge, which was offset by an increase in operating costs associated with operating the network.

Interest expense was $45,000, or less than 0.1% of operating revenue, in the first six months of 2005, compared with $28,000, or less than 0.1%, for the same period in 2004.

Other income, net was $2.8 million, or 1.8% of operating revenue, in the first six months of 2005, compared to $0.4 million, or 0.3%, for the same period in 2004. Approximately $1.4 million of the increase was the result of a lawsuit settlement discussed in Note 8 to our condensed consolidated financial statements. Additionally, other income, net increased as the result of higher yields on higher average balances in both cash and cash equivalents and available-for-sale securities during the first six months of 2005.

The combined federal and state effective tax rate for the first six months of 2005 was 37.2% compared to a rate of 37.5% for the same period in 2004 as the result of higher other income, net generated by investments in tax-free securities.

As a result of the foregoing factors, net income increased by $5.3 million, or 34.6%, to $20.6 million for the first six months of 2005, compared to $15.3 million for the same period in 2004.

Liquidity and Capital Resources

We have historically financed our working capital needs, including capital purchases, with cash flows from operations and borrowings under our bank lines of credit. Net cash provided by operating activities totaled approximately $19.8 million for the six months ended June 30, 2005, compared with approximately $17.5 million in the same period of 2004.

Net cash provided by investing activities was approximately $13.8 million for the six months ended June 30, 2005 compared with approximately $24.2 million used in investing activities in the same period of 2004. Investing activities consisted primarily of the purchase and sale or maturities of available-for-sale securities and the purchase of operating equipment and management information systems during the six months ended June 30, 2005.

Net cash used in financing activities totaled approximately $25.5 million for the six months ended June 30, 2005 compared with approximately $0.8 million for the same period of 2004. Financing activities included the repurchase of our common stock, the repayment of capital leases, the payment of dividends, proceeds received from the exercise of stock options and common stock issued under the employee stock purchase plan. In 2005, we used approximately $22.9 million to repurchase our common stock while we received approximately $1.2 million from the exercise of stock options.

Our credit facility consists of a working capital line of credit. As long as we comply with the financial covenants and ratios, the credit facility permits us to borrow up to $20.0 million less the amount of any outstanding letters of credit. Interest rates for advances under the facility vary based on how our performance measures against covenants related to total indebtedness, cash flows, results of operations and other ratios. The facility bears interest at LIBOR plus 1.0% to 1.9%, and is unsecured. The facility’s expiration was extended until April 30, 2007 by letter agreement entered into in 2005. At June 30, 2005, we had $0 outstanding under the line of credit facility and had utilized approximately $4.3 million of availability for outstanding letters of credit. We were in compliance with the financial covenants and ratios under the credit facility at June 30, 2005.

On July 25, 2002, we announced that our Board of Directors approved a stock repurchase program for up to 3,000,000 shares of our common stock. We expect to fund the repurchases of our common stock from cash, available-for-sale securities and cash generated from operating activities. We repurchased 804,703 of our shares during the second quarter of 2005. Since inception, the Company has repurchased 2,341,453 shares of our common stock for approximately $50.0 million for an average purchase price of $21.34 per share. This includes 123,000 shares that were purchased in June 2005, but not paid for until July 2005, representing approximately $3.5 million in accounts payable at June 30, 2005.

On February 15, 2005, our Board of Directors declared a three-for-two stock split of our common stock to be effected in the form of a stock dividend to shareholders of record as of March 18, 2005. Common stock issued and additional paid-in capital have been restated to reflect the split for all periods presented. All common share and per share data included in the condensed consolidated financial statements and notes thereto have been restated to give effect to the stock split.

During the three months ended March 31, 2005 and June 30, 2005, dividends of $0.06 per share were declared on 32.3 million shares of common stock then outstanding. The quarterly dividends were paid on April 18, 2005 and June 3, 2005. We had never declared a dividend prior to February 15, 2005. Subsequent to June 30, 2005, we declared a $0.06 per share dividend that will be paid in the third quarter. 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.

During the second half of 2005, the Company has commitments to acquire 825 new trailers with an approximate cost of $18.5 million. These commitments are expected to be funded by proceeds from the sale of existing equipment, cash flows from operations, as well as cash and short-term investments on hand.

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

Forward-Looking Statements

This report 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 (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 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk related to our remaining outstanding debt and available-for-sale securities is not significant and has not changed materially since December 31, 2004.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain controls and procedures designed to ensure that we are able to collect the information required to be disclosed in the reports we file with the SEC, and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this report conducted by management, with the participation of the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer believe that these controls and procedures are effective to ensure that we are able to collect, process and disclose the information we are required to disclose in the reports we file with the SEC within the required time periods.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the second quarter of 2005 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II. Other Information

Item 1. 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 or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information with respect to purchases we made of shares of our common stock during each month in the quarter ended June 30, 2005:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program (1)
April 1-30, 2005	—	$ —	1,536,750	1,463,250
May 1-31, 2005	—	—	1,536,750	1,463,250
June 1-30, 2005	804,703	27.75	2,341,453	658,547
Total	804,703	$ 27.75	2,341,453	658,547

(1) On July 25, 2002, we announced that our Board of Directors approved a stock repurchase program for up to 3.0 million shares of our common stock.

Item 3. Defaults Upon Senior Securities

Not Applicable

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

The Company's annual meeting of shareholders was held on May 26, 2005 for the purposes of (i) electing six members of the Board of Directors; (ii); ratifying appointment of the independent registered public accounting firm for 2005; and (iii) approving the 2005 Employee Stock Purchase Plan. The record date for the annual meeting was prior to the three-for-two stock split effected on April 1, 2005. Accordingly, the number of shares voted and set forth below represent pre-split shares.

(i) Shareholders elected each director nominee for a one-year term expiring at the 2006 annual meeting of shareholders. The vote for each director was as follows:

Name	For	Withheld
Bruce A. Campbell	20,139,213	488,232
Andrew C. Clarke	18,439,719	2,187,726
Richard W. Hanselman	20,136,123	491,322
C. John Langley, Jr.	20,140,693	486,752
Ray A. Mundy	20,138,828	488,617
B. Clyde Preslar	20,140,518	486,927

(ii) The proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2005 was approved as follows:

For	Against	Abstain
20,531,715	89,393	6,336

(iii) Shareholders approved the Company's 2005 Employee Stock Purchase Plan as follows:

For	Against	Abstain	Broker Non-Votes
16,819,850	1,890,205	218,379	1,699,011

Item 5. Other Information

Not Applicable

Item 6. Exhibits

In accordance with SEC Release No. 33-8212, Exhibits 32.1 and 32.2 are to be treated as "accompanying" this report rather than "filed" as part of the report.

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 3.2 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004, filed with the Securities and Exchange Commission on November 2, 2004 (File No. 0-22490))

4.1 Form of Landair Services, Inc. Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on September 27, 1993)

4.2 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))

4.3 Rights Agreement, dated May 18, 1999, between the registrant and SunTrust Bank, Atlanta, N.A., including the Form of Rights Certificate (Exhibit A) and the Form of Summary of Rights (Exhibit B) (incorporated herein by reference to Exhibit 4 to the registrant's Current Report on Form 8-K filed with the Commission on May 28, 1999 (File No. 0-22490))

4.4 Forward Air Corporation 2005 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit A to the registrant's Proxy Statement filed with the Commission on April 20, 2005 (File No. 0-22490))

10.1 Letter Agreement, dated May 17, 2005, between the registrant and First Tennessee Bank National Association extending the maturity date of the registrant's $20.0 million Master Secured Promissory Note under the Amended and Restated Loan and Security Agreement, dated as of September 10, 1998, as modified by Modification Agreement, dated as of June 18, 2002

31.1	Certification Pursuant to 15 U.S.C. Section 10A, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by Bruce A. Campbell, President and Chief Executive Officer of Forward Air Corporation
31.2	Certification Pursuant to 15 U.S.C. Section 10A, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, executed by Andrew C. Clarke, Chief Financial Officer, Senior Vice President and Treasurer of Forward Air Corporation
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Bruce A. Campbell, President and Chief Executive Officer of Forward Air Corporation
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Andrew C. Clarke, Chief Financial Officer, Senior Vice President and Treasurer of Forward Air Corporation

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 thereunto duly authorized.

Forward Air Corporation

Date: August 9, 2005

By: /s/ Andrew C. Clarke

Andrew C. Clarke
Chief Financial Officer, Senior Vice President and Treasurer

EXHIBIT INDEX

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Exhibit 10.1

[First Tennessee Letterhead]

May 12, 2005

Mr. Andrew Clarke
Forward Air Corporation
P.O. Box 1058
Greeneville, TN 37744

Re: Forward Air Corporation Credit Facility

Dear Andy:

Concerning the terms of the Loan and Security Agreement date September 10, 1998 ,and the Modification Agreement dated June 18, 2002 First Tennessee Bank ("The Bank") agrees to the following:

1. The Bank extends the maturity date on the $20,000,000 Master Secured Promissory Note dated September 10, 1998 (the "Line of Credit") to April 30, 2007.

This agreement constitutes a one time modification to the specific items addressed above. All other terms and agreements of the Loan Documents remain in full effect and force.

Sincerely,

/s/ Steve Mears
Steve Mears
Senior Vice President

Accepted as of the 17th day of May, 2005

By: /s/ Andrew C. Clarke

Andrew Clarke, Chief Financial Officer

Forward Air Corporation

Exhibit 31.1

CERTIFICATION PURSUANT TO
15 U.S.C. SECTION 10A,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce A. Campbell, certify that:

1. I have reviewed this report on Form 10-Q 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 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: August 9, 2005

By: /s/ Bruce A. Campbell

Bruce A. Campbell
President and Chief Executive Officer

A signed original of this written statement required by Section 302 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 31.2

CERTIFICATION PURSUANT TO
15 U.S.C. SECTION 10A,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew C. Clarke, certify that:

1. I have reviewed this report on Form 10-Q 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 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: August 9, 2005

By: /s/ Andrew C. Clarke

Andrew C. Clarke
Chief Financial Officer, Senior Vice President and Treasurer

A signed original of this written statement required by Section 302 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 32.1

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 Quarterly Report of Forward Air Corporation (the "Company") on Form 10-Q for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on August 9, 2005 (the "Report"), I, Bruce A. Campbell, Chief Executive Officer of the Company, certify, 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; and

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

/s/ Bruce A. Campbell

Bruce A. Campbell
President and Chief Executive Officer

August 9, 2005

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 Quarterly Report of Forward Air Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2005 as filed with the Securities and Exchange Commission on August 9, 2005 (the “Report”), I, Andrew C. Clarke, Chief Financial Officer of the Company, certify, 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; and

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

/s/ Andrew C. Clarke

Andrew C. Clarke
Chief Financial Officer, Senior Vice President
and Treasurer

August 9, 2005