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 September 30, 2011
Commission File No. 000-22490

FORWARD AIR CORPORATION

(Exact name of registrant as specified in its charter)

Tennessee	**62-1120025**
(State or other jurisdiction of incorporation)	(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**

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ 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 number of shares outstanding of the registrant's common stock, $0.01 par value, as of October 24, 2011 was 28,547,492.

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Forward Air Corporation

Part I. Financial Information

Item 1. Financial Statements (Unaudited).

Forward Air Corporation
Condensed Consolidated Balance Sheets
(Dollars in thousands, except share and per share amounts)
(Unaudited)

	September 30, 2011	December 31, 2010 (a)
Assets		
Current assets:		
Cash	$ 87,467	$ 74,504
Accounts receivable, less allowance of $1,456 in 2011 and $1,996 in 2010	69,574	62,763
Other current assets	11,836	8,696
Total current assets	168,877	145,963
Property and equipment	224,278	213,704
Less accumulated depreciation and amortization	91,023	87,272
Total property and equipment, net	133,255	126,432
Goodwill and other acquired intangibles:		
Goodwill	43,332	43,332
Other acquired intangibles, net of accumulated amortization of $20,314 in 2011 and $16,871 in 2010	27,816	31,259
Total goodwill and other acquired intangibles	71,148	74,591
Other assets	1,533	1,810
Total assets	$ 374,813	$ 348,796
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 14,603	$ 10,687
Accrued expenses	18,035	16,280
Current portion of debt and capital lease obligations	561	638
Total current liabilities	33,199	27,605
Long-term debt and capital lease obligations, less current portion	50,473	50,883
Other long-term liabilities	8,079	8,106
Deferred income taxes	12,169	6,116
Shareholders' equity:		
Preferred stock	--	--
Common stock, $0.01 par value:		
Authorized shares – 50,000,000		
Issued and outstanding shares – 28,476,942 in 2011 and 29,030,919 in 2010	285	290
Additional paid-in capital	12,552	24,300
Retained earnings	258,056	231,496
Total shareholders' equity	270,893	256,086
Total liabilities and shareholders' equity	$ 374,813	$ 348,796

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

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

Forward Air Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2011	**September 30, 2010**	**September 30, 2011**	**September 30, 2010**
Operating revenue:				
Forward Air				
Airport-to-airport	$ 92,966	$ 81,828	$ 266,606	$ 234,456
Logistics	18,409	16,774	52,909	47,789
Other	7,250	6,481	20,524	18,745
Forward Air Solutions				
Pool distribution	17,124	16,439	48,104	49,639
Total operating revenue	135,749	121,522	388,143	350,629
Operating expenses:				
Purchased transportation				
Forward Air				
Airport-to-airport	36,142	32,852	104,411	94,152
Logistics	14,041	12,942	40,214	36,780
Other	1,797	1,703	4,929	4,811
Forward Air Solutions				
Pool distribution	4,109	3,680	11,067	10,625
Total purchased transportation	56,089	51,177	160,621	146,368
Salaries, wages and employee benefits	33,402	31,845	95,336	95,682
Operating leases	6,672	6,508	20,083	19,388
Depreciation and amortization	5,429	5,228	15,734	15,283
Insurance and claims	2,120	1,546	6,140	5,983
Fuel expense	2,406	1,949	7,357	6,051
Other operating expenses	9,311	7,764	29,390	26,813
Total operating expenses	115,429	106,017	334,661	315,568
Income from operations	20,320	15,505	53,482	35,061
Other income (expense):				
Interest expense	(131)	(191)	(468)	(557)
Other, net	10	26	57	38
Total other expense	(121)	(165)	(411)	(519)
Income before income taxes	20,199	15,340	53,071	34,542
Income taxes	7,287	6,452	20,321	14,323
Net income	$ 12,912	$ 8,888	$ 32,750	$ 20,219
Net income per share:				
Basic	$ 0.44	$ 0.31	$ 1.12	$ 0.70
Diluted	$ 0.44	$ 0.31	$ 1.11	$ 0.69
Weighted average shares outstanding:				
Basic	29,237	29,000	29,236	28,975
Diluted	29,552	29,129	29,591	29,101
Dividends per share:	$ 0.07	$ 0.07	$ 0.21	$ 0.21

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

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

	Nine months ended	
	September 30, 2011	**September 30, 2010**
Operating activities:		
Net income	$ 32,750	$ 20,219
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	15,734	15,283
Share-based compensation	4,457	4,887
Gain on disposal of property and equipment	(76)	(648)
Provision for loss on receivables	17	202
Provision for revenue adjustments	1,480	1,462
Deferred income taxes	6,079	(1,624)
Tax benefit for stock options exercised	(232)	(28)
Changes in operating assets and liabilities		
Accounts receivable	(8,308)	(8,382)
Prepaid expenses and other current assets	(1,828)	(1,029)
Accounts payable and accrued expenses	4,757	7,519
Net cash provided by operating activities	54,830	37,861
Investing activities:		
Proceeds from disposal of property and equipment	997	1,413
Purchases of property and equipment	(20,292)	(11,889)
Other	316	--
Net cash used in investing activities	(18,979)	(10,476)
Financing activities:		
Payments of debt and capital lease obligations	(488)	(722)
Proceeds from exercise of stock options	7,721	490
Payments of cash dividends	(6,187)	(6,088)
Repurchase of common stock	(24,294)	--
Common stock issued under employee stock purchase plan	128	91
Tax benefit for stock options exercised	232	28
Net cash used in financing activities	(22,888)	(6,201)
Net increase in cash	12,963	21,184
Cash at beginning of period	74,504	42,035
Cash at end of period	$ 87,467	$ 63,219

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

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
September 30, 2011

1. Basis of Presentation

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

Through the Forward Air segment, 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 classified into three categories of service: airport-to-airport, logistics, and other. 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 truckload brokerage 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 service are regional and nationwide distributors and retailers, such as mall, strip mall and outlet based retail chains.

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 notes 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. The Company's operating results are subject to seasonal trends when measured on a quarterly basis; therefore operating results for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and notes thereto included in the Forward Air Corporation Annual Report on Form 10-K for the year ended December 31, 2010.

The balance sheet at December 31, 2010, as presented in this filing, has been derived from the audited financial statements at that date, but does not include all of the financial information and notes required by United States generally accepted accounting principles for complete financial statements.

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.

2. Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("the FASB") expanded the disclosure requirements for fair value measurements. The expanded disclosures require a greater level of disaggregated information and additional disclosures about valuation techniques and inputs to fair value measurements. The amendment requires 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. For level 3 fair value measurements, the disclosure requirements were 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 for periods beginning after December 15, 2010 did not have a material impact on the Company's financial statement disclosures.

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 three months ended September 30, 2011 and 2010 was $12,912 and $8,888, respectively. Comprehensive income for the nine months ended September 30, 2011 and 2010 was $32,750 and $20,219, respectively. The comprehensive results equaled net income.

4. Goodwill and Long-Lived Assets

The Company conducts an annual (or more frequently if circumstances indicate possible impairment) impairment test of goodwill for each reporting unit at June 30 of each year. The first step of the goodwill impairment test is the estimation of the reporting unit'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.

The Company conducted its annual impairment test of goodwill for each reporting unit as of June 30, 2011 and no impairment charges were required. In addition, due to FASI's results from operations not meeting the Company's projections for the three and nine months ended September 30, 2011, the Company conducted an impairment test of goodwill for the FASI reporting unit as of September 30, 2011. There were no impairment charges required as a result of the September 30, 2011 FASI impairment test.

For the goodwill impairment calculations, the Company calculates the fair value of the applicable reportable units, using a combination of discounted projected cash flows and market valuations for comparable companies as of the valuation date. The Company's fair value calculations for goodwill are classified within level 3 of the fair value hierarchy as defined in the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("the FASB Codification").

As of September 30, 2011, 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, expanding and diversifying its revenue base. If FASI's efforts are significantly delayed, future estimates of projected financial information may be reduced, and the Company may be required to record an impairment charge against the carrying value of FASI's goodwill. There were no changes in the carrying amount of goodwill during the three and nine months ended September 30, 2011.

5. 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 make other employee grants only in connection with new employment or promotions. Forms of share-based compensation granted to employees by the Company include stock options, non-vested shares of common stock ("non-vested share"), and performance shares. The Company also typically makes a single annual grant of non-vested shares to non-employee directors in conjunction with the annual election of non-employee directors to the Board of Directors. Share-based compensation is based on the grant date fair value of the instrument and is recognized, net of estimated forfeitures, ratably over the requisite service period, or vesting period. The Company estimates forfeitures based upon historical experience. All share-based compensation expense is recognized in salaries, wages and employee benefits.

Employee Activity

Stock option grants to employees typically expire seven years from the grant date and vest ratably over a three-year period. The Company used the Black-Scholes option-pricing model to estimate the grant-date fair value of options granted. The weighted-average fair value of options granted during the nine months ended September 30, 2011 and 2010 was $10.68 and $8.24, respectively. No stock options were granted during the three months ended September 30, 2011 and 2010. The fair values were estimated using the following weighted-average assumptions:

	Nine months ended	
	September 30, 2011	September 30, 2010
Expected dividend yield	1.0%	1.3%
Expected stock price volatility	44.9%	45.7%
Weighted average risk-free interest rate	2.4%	2.5%
Expected life of options (years)	4.6	4.5

During the three months ended September 30, 2011 and 2010, share-based compensation expense for options granted to employees was $959 and $1,365, respectively. The total tax benefit related to the share-based expense for these options for the three months ended September 30, 2011 and 2010, was $252 and $415, respectively. During the nine months ended September 30, 2011 and 2010, share-based compensation expense for options granted to employees was $3,023 and $4,448, respectively. The total tax benefit related to the share-based expense for these options for the nine months ended September 30, 2011 and 2010, was $803 and $1,290, respectively. Total compensation cost, net of estimated forfeitures, related to the options not yet recognized in earnings was $3,769 at September 30, 2011. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

5. Share-Based Payments (continued)

The following tables summarize the Company's employee stock option activity and related information for the three months ended September 30, 2011:

	Three months ended September 30, 2011			
	Options (000)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (000)	Weighted-Average Remaining Contractual Term
Outstanding at June 30, 2011	3,498	$ 26		
Granted	-	-		
Exercised	(4)	22		
Forfeited	-	-		
Outstanding at September 30, 2011	3,494	$ 26	$ 14,336	3.6
Exercisable at September 30, 2011	2,714	$ 27	$ 9,053	3.2

The following tables summarize the Company's employee stock option activity and related information for the nine months ended September 30, 2011:

	Nine months ended September 30, 2011			
	Options (000)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (000)	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2010	3,702	$ 26		
Granted	118	29		
Exercised	(321)	23		
Forfeited	(5)	25		
Outstanding at September 30, 2011	3,494	$ 26	$ 14,336	3.6
Exercisable at September 30, 2011	2,714	$ 27	$ 9,053	3.2

During the first quarter of 2011, the Company granted 108,000 non-vested shares to key employees with a weighted-average fair value of $28.61. Non-vested share grants to employees vest ratably over a three-year period. The non-vested shares' fair values were estimated using closing market prices on the day of grant. Share-based compensation expense was $253 and $641 during the three and nine months ended September 30, 2011 for non-vested shares granted to employees. The total tax benefit related to this share-based expense was $100 and $252 for the three and nine months ended September 30, 2011. As of September 30, 2011, total compensation cost, net of estimated forfeitures, related to the non-vested shares not yet recognized in earnings was $2,348.

During the first quarter of 2011, the Company granted performance shares to key employees. Under the terms of the performance share agreements, on the third anniversary of the grant date, the Company will issue to the employees a calculated number of common stock shares based on the three year performance of the Company's common stock share price as compared to the share price performance of a selected peer group. The median number of shares eligible for issuance to employees under these agreements is 38,000. No shares may be issued if the Company share price performance outperforms 30% or less of the peer group, but the number of shares issued may be increased to 75,000 shares if the Company share price performs better than 90% of the peer group. The fair value of the performance shares was estimated to be $30.17 per share using a Monte Carlo simulation with a risk free rate of return of 1.4% and a three year volatility of 47.7%. Share-based compensation expense for the performance shares was $95 and $240 during the three and nine months ended September 30, 2011. The total tax benefit related to this share-based expense was $37 and $94 for the three and nine months ended September 30, 2011. As of September 30, 2011, total compensation cost, net of estimated forfeitures, related to the performance shares not yet recognized in earnings was $893.

5. Share-Based Payments (continued)

Under the 2005 Employee Stock Purchase Plan (the "ESPP"), which has been approved by shareholders, the Company is authorized to issue up to a remaining 434,149 shares of common stock to employees of the Company. 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 nine-month purchase period. Common stock purchases are paid for through periodic payroll deductions and/or up to two large lump sum contributions. For the nine months ended September 30, 2011, participants under the plan purchased 4,941 shares at an average price of $25.82 per share. For the nine months ended September 30, 2010, participants under the plan purchased 3,973 shares at an average price of $22.98 per share. The weighted-average fair value of each purchase right under the ESPP granted for the nine months ended September 30, 2011, which is equal to the discount from the market value of the common stock at the end of each nine month purchase period, was $7.97 per share. The weighted-average fair value of each purchase right under the ESPP granted for the nine months ended September 30, 2010, which is equal to the discount from the market value of the common stock at the end of each nine month purchase period, was $4.27 per share. Share-based compensation expense of $40 and $17 was recognized during the nine months ended September 30, 2011 and 2010, respectively.

Non-employee Director Activity

Grants of non-vested shares to non-employee directors vest ratably over the elected term to the Board of Directors, or one year. Share-based compensation expense for non-vested shares granted to non-employee directors during the three months ended September 30, 2011 and 2010 was $195 and $141, respectively. The total tax benefit related to this share-based expense was $76 and $57 for the three months ended September 30, 2011 and 2010, respectively. Share-based compensation expense during the nine months ended September 30, 2011 and 2010 was $513 and $422, respectively. The total tax benefit related to this share-based expense was $201 and $172 for the nine months ended September 30, 2011 and 2010, respectively. Total compensation cost, net of estimated forfeitures, related to the non-vested shares granted to non-employee directors not yet recognized in earnings was $465 at September 30, 2011. Total unrecognized compensation cost will be adjusted for future changes in estimated forfeitures.

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. At September 30, 2011, 52,000 options were outstanding and will expire between May 2012 and May 2015. At September 30, 2011, the weighted average exercise price per share and remaining contractual term for the outstanding options of non-employee directors were $21 and 2.3 years, respectively.

6. Senior Credit Facility

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 (0.8% at September 30, 2011). 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 September 30, 2011, the Company had $50,000 outstanding under the senior credit facility. At September 30, 2011, the Company had utilized $10,766 of availability for outstanding letters of credit and had $39,234 of available borrowing capacity outstanding under the senior credit facility. The Company is currently in the process of negotiating a new credit facility and expects to have a new facility in place by December 31, 2011.

7. Net Income Per Share

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

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Numerator:				
Numerator for basic and diluted income per share - net income	$ 12,912	$ 8,888	$ 32,750	$ 20,219
Denominator (in thousands):				
Denominator for basic income per share - weighted-average shares	29,237	29,000	29,236	28,975
Effect of dilutive stock options and non-vested shares	315	129	355	126
Denominator for diluted income per share - adjusted weighted-average shares	29,552	29,129	29,591	29,101
Basic net income per share	$ 0.44	$ 0.31	$ 1.12	$ 0.70
Diluted net income per share	$ 0.44	$ 0.31	$ 1.11	$ 0.69

The number of options and non-vested shares that could potentially dilute net earnings per 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 912,000 and 1,250,000 at September 30, 2011 and 2010, respectively.

8. Income Taxes

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.

For the three and nine months ended September 30, 2011 and 2010, 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.

9. Financial Instruments

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 accounted for approximately 71.5% of FASI's operating revenue for the nine months ended September 30, 2011.

In February 2010, the Company notified one of FASI's largest customers that it would cease providing services and concluded the business relationship by July 2010. During the nine months ended September 30, 2010, revenues from this customer were 10.7% of FASI's operating revenue and 1.5% of the Company's consolidated operating revenue. The revenue associated with this customer was low yielding and the impact on 2011 and 2010's operating results from curtailing these services 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.

9. Financial Instruments (continued)

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. Using interest rate quotes and discounted cash flows, the Company estimated the fair value of its senior credit facility and debt and capital lease obligations as follows:

	September 30, 2011	
	Carrying Value	Fair Value
Senior credit facility	$ 50,000	$ 49,636
Other debt and capital leases	1,034	1,071

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

10. Shareholders' Equity

During each quarter of 2011 and 2010, the Company's Board of Directors declared a cash dividend of $0.07 per share of common stock. 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.

In July 2007, the Company's Board of Directors approved a stock repurchase program ("Repurchase Plan") for up to two million shares of the Company's common stock. During the three and nine months ended September 30, 2011, the Company repurchased 904,729 shares of common stock under the Repurchase Plan for $24,294, or $26.85 per share. As of September 30, 2011, 884,098 shares remain that may be repurchased under the Repurchase Plan.

In addition, during October 2011, the Company repurchased 69,039 shares of common stock under the Repurchase Plan for $1,807 or $26.17 per share. As of the date of this filing, 815,059 shares remain that may be repurchased under the Repurchase Plan.

11. 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 business, financial condition or results of operations.

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.

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 the summary of significant accounting policies disclosed in Note 1 to the Consolidated Financial Statements included in the Company's 2010 Annual Report on Form 10-K. 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 (loss). The Company's business is conducted in the U.S. and Canada.

12. Segment Reporting (continued)

The following tables summarize segment information about net income (loss) 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 three and nine months ended September 30, 2011 and 2010.

	Three months ended September 30, 2011			
	Forward Air	FASI	Eliminations	Consolidated
External revenues	$ 118,625	$ 17,124	$ --	$ 135,749
Intersegment revenues	315	129	(444)	--
Depreciation and amortization	4,373	1,056	--	5,429
Share-based compensation expense	1,421	81	--	1,502
Interest expense	122	9	--	131
Interest income	40	--	--	40
Income tax expense (benefit)	7,420	(133)	--	7,287
Net income (loss)	13,123	(211)	--	12,912
Total assets	378,552	36,099	(39,838)	374,813
Capital expenditures	4,607	244	--	4,851

	Three months ended September 30, 2010			
	Forward Air	FASI	Eliminations	Consolidated
External revenues	$ 105,083	$ 16,439	$ --	$ 121,522
Intersegment revenues	245	84	(329)	--
Depreciation and amortization	4,189	1,039	--	5,228
Stock-based compensation expense	1,409	97	--	1,506
Interest expense	177	14	--	191
Interest income	30	1	--	31
Income tax expense (benefit)	6,499	(47)	--	6,452
Net income (loss)	9,041	(153)	--	8,888
Total assets	343,732	36,178	(38,097)	341,813
Capital expenditures	2,496	654	--	3,150

	Nine months ended September 30, 2011			
	Forward Air	FASI	Eliminations	Consolidated
External revenues	$ 340,039	$ 48,104	$ --	$ 388,143
Intersegment revenues	577	292	(869)	--
Depreciation and amortization	12,601	3,133	--	15,734
Share-based compensation expense	4,208	249	--	4,457
Interest expense	435	33	--	468
Interest income	144	--	--	144
Income tax expense (benefit)	21,009	(688)	--	20,321
Net income (loss)	33,914	(1,164)	--	32,750
Total assets	378,552	36,099	(39,838)	374,813
Capital expenditures	17,550	2,742	--	20,292

	Nine months ended September 30, 2010			
	Forward Air	FASI	Eliminations	Consolidated
External revenues	$ 300,990	$ 49,639	$ --	$ 350,629
Intersegment revenues	808	229	(1,037)	--
Depreciation and amortization	12,352	2,931	--	15,283
Stock-based compensation expense	4,587	300	--	4,887
Interest expense	511	46	--	557
Interest income	40	3	--	43
Income tax expense (benefit)	15,064	(741)	--	14,323
Net income (loss)	21,547	(1,328)	--	20,219

Total assets	343,732	36,178	(38,097)	341,813
Capital expenditures	7,894	3,995	--	11,889

Item
2. 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, 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 85 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 truckload brokerage ("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 service 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 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

Results from Operations

During the three months ended September 30, 2011, we experienced a 11.7% increase in our consolidated revenues compared to the three months ended September 30, 2010. The increase in revenue is primarily attributable to our Forward Air segment which experienced a revenue increase of 12.9% during the three months ended September 30, 2011 as compared to the three months ended September 30, 2010. Forward Air revenue increases were driven by increased shipping volumes, net fuel surcharge and a general rate increase initiated in June 2011. These revenue increases drove the improvement in our income from operations.

FASI revenue increased 4.2% for the three months ended September 30, 2011, compared to the same period in 2010. The FASI revenue increase was primarily the result of increased fuel surcharge revenue and new business wins. FASI's loss from operations is largely attributable to subdued retail volumes and the delays in obtaining additional revenue. We continue our efforts to diversify FASI's customer base with non-specialty retail customers so as to maintain consistent revenue levels throughout the year.

During the three and nine months ended September 30, 2011, increasing fuel prices have positively impacted our revenues and results of operations as compared to prior periods. 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 57.4% and 56.5% during the three and nine months ended September 30, 2011 as compared to the same periods in 2010, respectively.

Goodwill

In accordance with our accounting policy, we conducted our annual impairment test of goodwill for each reporting unit as of June 30, 2011 and no impairment charges were required. In addition, due to FASI's results from operations not meeting our projections for the three and nine months ended September 30, 2011, we conducted an impairment test of goodwill for the FASI reporting unit as of September 30, 2011. There were no impairment charges required as a result of the September 30, 2011 FASI impairment test.

As of September 30, 2011, 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, expanding and diversifying its revenue base. If FASI's efforts are significantly delayed, future estimates of projected financial information may be reduced, and we may be required to record an impairment charge against the carrying value of FASI's goodwill.

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.

Results of Operations

The following table sets forth our consolidated historical financial data for the three months ended September 30, 2011 and 2010 (in millions):

	Three months ended			
	September 30, 2011	September 30, 2010	Change	Percent Change
Operating revenue	$ 135.7	$ 121.5	$ 14.2	11.7%
Operating expenses:				
Purchased transportation	56.1	51.1	5.0	9.8
Salaries, wages, and employee benefits	33.4	31.9	1.5	4.7
Operating leases	6.6	6.5	0.1	1.5
Depreciation and amortization	5.4	5.2	0.2	3.8
Insurance and claims	2.2	1.5	0.7	46.7
Fuel expense	2.4	2.0	0.4	20.0
Other operating expenses	9.3	7.8	1.5	19.2
Total operating expenses	115.4	106.0	9.4	8.9
Income from operations	20.3	15.5	4.8	31.0
Other expense:				
Interest expense	(0.1)	(0.2)	0.1	(50.0)
Other, net	--	--	--	--
Total other expense	(0.1)	(0.2)	0.1	(50.0)
Income before income taxes	20.2	15.3	4.9	32.0
Income taxes	7.3	6.4	0.9	14.1
Net income	$ 12.9	$ 8.9	$ 4.0	44.9%

The following table sets forth our historical financial data by segment for the three months ended September 30, 2011 and 2010 (in millions):

	Three months ended					
	September 30, 2011	Percent of Revenue	September 30, 2010	Percent of Revenue	Change	Percent Change
Operating revenue						
Forward Air	$ 118.9	87.6%	$ 105.3	86.7%	$ 13.6	12.9%
FASI	17.2	12.7	16.5	13.6	0.7	4.2
Intercompany Eliminations	(0.4)	(0.3)	(0.3)	(0.3)	(0.1)	33.3
Total	135.7	100.0	121.5	100.0	14.2	11.7
Purchased transportation						
Forward Air	52.1	43.8	47.5	45.1	4.6	9.7
FASI	4.4	25.6	3.9	23.6	0.5	12.8
Intercompany Eliminations	(0.4)	100.0	(0.3)	100.0	(0.1)	33.3
Total	56.1	41.3	51.1	42.1	5.0	9.8
Salaries, wages and employee benefits						
Forward Air	26.4	22.2	24.7	23.4	1.7	6.9
FASI	7.0	40.7	7.2	43.6	(0.2)	(2.8)
Total	33.4	24.6	31.9	26.3	1.5	4.7
Operating leases						
Forward Air	4.9	4.1	4.7	4.5	0.2	4.3
FASI	1.7	9.9	1.8	10.9	(0.1)	(5.6)
Total	6.6	4.9	6.5	5.3	0.1	1.5
Depreciation and amortization						
Forward Air	4.4	3.7	4.2	4.0	0.2	4.8
FASI	1.0	5.8	1.0	6.1	--	--
Total	5.4	4.0	5.2	4.3	0.2	3.8
Insurance and claims						
Forward Air	1.8	1.5	1.2	1.1	0.6	50.0
FASI	0.4	2.3	0.3	1.8	0.1	33.3
Total	2.2	1.6	1.5	1.2	0.7	46.7
Fuel expense						
Forward Air	1.0	0.9	0.9	0.9	0.1	11.1
FASI	1.4	8.1	1.1	6.7	0.3	27.3
Total	2.4	1.8	2.0	1.6	0.4	20.0
Other operating expenses						
Forward Air	7.7	6.5	6.4	6.1	1.3	20.3
FASI	1.6	9.3	1.4	8.5	0.2	14.3
Total	9.3	6.8	7.8	6.4	1.5	19.2
Income (loss) from operations						
Forward Air	20.6	17.3	15.7	14.9	4.9	31.2
FASI	(0.3)	(1.7)	(0.2)	(1.2)	(0.1)	50.0
Total	$ 20.3	15.0%	$ 15.5	12.8%	$ 4.8	31.0%

The following table presents the components of the Forward Air segment's operating revenue and purchased transportation for the three months ended September 30, 2011 and 2010 (in millions):

	Three months ended					
	September 30, 2011	Percent of Revenue	September 30, 2010	Percent of Revenue	Change	Percent Change
Forward Air revenue						
Airport-to-airport	$ 93.1	78.3%	$ 81.9	77.8%	$ 11.2	13.7%
Logistics	18.6	15.6	16.9	16.0	1.7	10.1
Other	7.2	6.1	6.5	6.2	0.7	10.8
Total	$ 118.9	100.0%	$ 105.3	100.0%	$ 13.6	12.9%
Forward Air purchased transportation						
Airport-to-airport	$ 36.2	38.9%	$ 32.9	40.2%	$ 3.3	10.0%
Logistics	14.1	75.8	12.9	76.3	1.2	9.3
Other	1.8	25.0	1.7	26.2	0.1	5.9
Total	$ 52.1	43.8%	$ 47.5	45.1%	$ 4.6	9.7%

Three Months Ended September 30, 2011 compared to Three Months Ended September 30, 2010

Revenues

Operating revenue increased by $14.2 million, or 11.7%, to $135.7 million for the three months ended September 30, 2011 from $121.5 million in the same period of 2010.

Forward Air

Forward Air operating revenue increased $13.6 million, or 12.9%, to $118.9 million from $105.3 million, accounting for 87.6% of consolidated operating revenue for the three months ended September 30, 2011 compared to 86.7% for the same period in 2010. Airport-to-airport revenue, which is the largest component of our consolidated operating revenue, increased $11.2 million, or 13.7%, to $93.1 million from $81.9 million, accounting for 78.3% of the segment's operating revenue during the three months ended September 30, 2011 compared to 77.8% for the same period in September 30, 2010. Increased tonnage and an increase in our base revenue per pound, excluding net fuel surcharge revenue and Forward Air Complete ("Complete") revenue, accounted for $5.2 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 1.8% for the three months ended September 30, 2011 versus the three months ended September 30, 2010. Tonnage that transited our network increased by 5.6% in the three months ended September 30, 2011 compared with the three months ended September 30, 2010. Average base revenue per pound increased as a result of a general rate increase that we implemented in June 2011. The remaining increase in airport-to-airport revenue is the result of increased net fuel surcharge revenue and revenue from our Complete pick-up and delivery service. Net fuel surcharge revenue increased $3.4 million, or 59.3%, during the three months ended September 30, 2011 as compared to the three months ended September 30, 2010 in response to increased fuel prices and overall business volumes. In addition, Complete revenue increased $2.6 million, or 32.1%, during the three months ended September 30, 2011 compared to the same period of 2010. The increase in Complete revenue is attributable to the overall increase in airport-to-airport shipping volumes as well as higher customer utilization of our Complete service.

Logistics revenue, which is primarily TLX, increased $1.7 million, or 10.1%, to $18.6 million in the third quarter of 2011 from $16.9 million in the same period of 2010. TLX revenue, which is priced on a per mile basis, increased $1.7 million as miles driven to support our TLX revenue increased by approximately 10.1% during the three months ended September 30, 2011 compared to the same period in 2010. Also, TLX average revenue per mile increased 1.3%. The increase in miles and average revenue per mile is mainly attributable to new business wins in the first quarter of 2011 and change in overall business mix.

Other revenue, which includes warehousing services and terminal handling, accounted for the final component of Forward Air operating revenue. Other revenue increased $0.7 million, or 10.8%, to $7.2 million in the third quarter of 2011 from $6.5 million in the same period of 2010. The increase in revenue was primarily due to increases in other pick-up and delivery services as well as handling and sorting services that primarily increased in conjunction with the increase in our airport-to-airport business.

FASI

FASI operating revenue increased $0.7 million, or 4.2%, to $17.2 million for the three months ended September 30, 2011 from $16.5 million for the same period in 2010. The increase in revenue was mostly attributable to $0.5 million of revenue from new non-specialty retail customers and a $0.4 million increase in fuel surcharges resulting from the increase in average fuel prices. These increases in FASI revenue were partially offset by a $0.2 million decline in revenue from previously existing customers.

Intercompany Eliminations

Intercompany eliminations increased $0.1 million, or 33.3%, to $0.4 million in the third quarter of 2011 from $0.3 million in the same period of 2010. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI and FASI cartage services provided to Forward Air during the three months ended September 30, 2011. The increase in intercompany eliminations was the result of increased airport-to-airport and truckload services Forward Air provided to FASI.

Purchased Transportation

Purchased transportation increased by $5.0 million, or 9.8%, to $56.1 million in the third quarter of 2011 from $51.1 million in the same period of 2010. As a percentage of total operating revenue, purchased transportation was 41.3% during the three months ended September 30, 2011 compared to 42.1% for the same period in 2010.

Forward Air

Forward Air's purchased transportation increased by $4.6 million, or 9.7%, to $52.1 million for the three months ended September 30, 2011 from $47.5 million for the three months ended September 30, 2010. The increase in purchased transportation is primarily attributable to an 8.5% increase in miles driven and a 1.0% increase in the total cost per mile for the third quarter of 2011 versus the same period in 2010. As a percentage of segment operating revenue, Forward Air purchased transportation was 43.8% during the three months ended September 30, 2011 compared to 45.1% for the same period in 2010.

Purchased transportation costs for our airport-to-airport network increased $3.3 million, or 10.0%, to $36.2 million for the three months ended September 30, 2011 from $32.9 million for the three months ended September 30, 2010. For the three months ended September 30, 2011, purchased transportation for our airport-to-airport network decreased to 38.9% of airport-to-airport revenue from 40.2% for the same period in 2010. The $3.3 million increase is mostly attributable to a 7.8% increase in miles driven by our network of owner-operators or third party transportation providers partially offset by a 0.4% decrease in the cost per mile paid to our network of owner-operators or third party transportation providers. The increase in miles increased purchased transportation by $2.1 million while the decrease in cost per mile reduced purchased transportation by $0.1 million. Miles driven by our network of owner-operators or third party transportation providers increased in conjunction with the tonnage increase discussed above. The cost per mile decrease was primarily attributable to decreased use of more costly third party transportation providers as additional capacity was required to accommodate the increased tonnage volumes. The remaining increase was attributable to a $1.3 million increase in third party transportation costs associated with the increased Complete volumes discussed above.

Purchased transportation costs for our logistics revenue increased $1.2 million, or 9.3%, to $14.1 million for the three months ended September 30, 2011 from $12.9 million for the three months ended September 30, 2010. For the three months ended September 30, 2011, logistics' purchased transportation costs represented 75.8% of logistics revenue compared to 76.3% for the same period in 2010. The increase in logistics' purchased transportation was mostly attributable to a $1.1 million, or 9.7%, increase in TLX purchased transportation. Miles driven to support our TLX revenue increased 10.1% while our TLX cost per mile decreased approximately 0.4% during the three months ended September 30, 2011 compared to the same period in 2010. The decrease in cost per mile was mostly attributable to increased utilization of our network of owner-operators as opposed to more costly third party transportation providers. The remaining $0.1 million increase in logistics' purchased transportation costs was attributable to increases in other non-mileage based costs such as drayage services.

Purchased transportation costs related to our other revenue increased $0.1 million, or 5.9%, to $1.8 million for the three months ended September 30, 2011 from $1.7 million for the three months ended September 30, 2010. Other purchased transportation costs as a percentage of other revenue decreased to 25.0% of other revenue for the three months ended September 30, 2011 from 26.2% for the same period in 2010. The decrease in other purchased transportation costs is primarily attributable to rate reductions received from pick-up and delivery transportation providers in certain large markets.

FASI

FASI purchased transportation increased $0.5 million, or 12.8%, to $4.4 million for the three months ended September 30, 2011 from $3.9 million for the three months ended September 30, 2010. FASI purchased transportation as a percentage of revenue was 25.6% for the three months ended September 30, 2011 compared to 23.6% for the three months ended September 30, 2010. The increase in FASI purchased transportation in total dollars and as a percentage of revenue was attributable to our continued conversion from Company-employed drivers to owner-operators or third-party transportation providers and certain new business having an increased linehaul component which increased the utilization of owner-operators and third-party transportation providers.

Intercompany Eliminations

Intercompany eliminations increased $0.1 million, or 33.3%, to $0.4 million for the three months ended September 30, 2011 from $0.3 million for the three months ended September 30, 2010. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI and FASI cartage services provided to Forward Air during the three months ended September 30, 2011. The increase in intercompany eliminations was the result of increased airport-to-airport and truckload services Forward Air provided to FASI.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits increased by $1.5 million, or 4.7%, to $33.4 million in the third quarter of 2011 from $31.9 million in the same period of 2010. As a percentage of total operating revenue, salaries, wages and employee benefits was 24.6% during the three months ended September 30, 2011 compared to 26.3% for the same period in 2010.

Forward Air

Salaries, wages and employee benefits of Forward Air increased by $1.7 million, or 6.9%, to $26.4 million in the third quarter of 2011 from $24.7 million in the same period of 2010. Salaries, wages and employee benefits were 22.2% of Forward Air's operating revenue in the third quarter of 2011 compared to 23.4% for the same period of 2010. The increase in salaries, wages and employee benefits in total dollars is largely due to increased variable wages, primarily dock employees, which increased in conjunction with the volume increases discussed previously. The improvement in salaries, wages and employee benefits as a percentage of revenue is the result of the increase in revenue outpacing the increase in salaries, wages and employee benefits.

FASI

FASI salaries, wages and employee benefits decreased $0.2 million, or 2.8%, to $7.0 million for the three months ended September 30, 2011 compared to $7.2 million for the three months ended September 30, 2010. As a percentage of FASI operating revenue, salaries, wages and benefits decreased to 40.7% for the three months ended September 30, 2011 compared to 43.6% for the same period in 2010. The decrease in salaries, wages and benefits in total dollars was driven by reduced administration and health and workers' compensation insurance costs during the third quarter of 2011 compared to the same period in 2010. The decrease in salaries, wages and employee benefits as a percentage of revenue is the result of improvement in dock and Company-employed driver wages, health and workers' compensation insurance losses and the increase in revenue outpacing FASI's fixed salaries and benefits. For the third quarter of 2011, we reduced our dock and Company-employed driver wages by 0.6% as a percentage of revenue compared to the same period in 2010. The improvement in dock and Company-employed driver wages is largely the result of efficiencies gained by installing conveyor systems in our larger facilities and converting from Company drivers to owner-operators. Workers' compensation and health insurance losses decreased 1.0% as a percentage of revenue due to reductions in workers' compensation and health insurance claims during the three months ended September 30, 2011 compared to the same period in 2010. The remaining improvement in FASI salaries, wages and employee benefits as a percentage of revenue is mainly due to the increase in revenue outpacing the increase in FASI's fixed salary and benefit costs.

Operating Leases

Operating leases increased by $0.1 million, or 1.5%, to $6.6 million in the third quarter of 2011 from $6.5 million in the same period of 2010. Operating leases, the largest component of which is facility rent, were 4.9% of consolidated operating revenue for the three months ended September 30, 2011 compared with 5.3% in the same period of 2010.

Forward Air

Operating leases increased $0.2 million, or 4.3%, to $4.9 million in the third quarter of 2011 from $4.7 million in the same period of 2010. Operating leases were 4.1% of Forward Air operating revenue for the three months ended September 30, 2011 compared with 4.5% in the same period of 2010. The $0.2 million increase was the result of a higher occurrence of trailer rentals. Trailer rentals increased to provide additional capacity until new trailers were received at the end of the third quarter of 2011.

FASI

FASI operating lease expense decreased $0.1 million, or 5.6%, to $1.7 million for the three months ended September 30, 2011 from $1.8 million for the same period in 2010. The $0.1 million decrease was attributable to reduced trailer and vehicle rental. Trailer and vehicle rentals decreased in conjunction with the trailers and vehicles purchased during the last half of 2010 and the first six months of 2011.

Depreciation and Amortization

Depreciation and amortization increased $0.2 million, or 3.8%, to $5.4 million in the third quarter of 2011 from $5.2 million in the same period of 2010. Depreciation and amortization was 4.0% of consolidated operating revenue for the three months ended September 30, 2011 compared with 4.3% in the same period of 2010.

Forward Air

Depreciation and amortization increased $0.2 million, or 4.8%, to $4.4 million in the third quarter of 2011 from $4.2 million in the same period of 2010. Depreciation and amortization expense as a percentage of Forward Air operating revenue was 3.7% in the third quarter of 2011 compared to 4.0% in the same period of 2010. The $0.2 million increase is primarily attributable to new trailers and forklifts purchased during the second and third quarters of 2011.

FASI

FASI depreciation and amortization was $1.0 million for the three months ended September 30, 2011 and 2010. Depreciation and amortization expense as a percentage of FASI operating revenue was 5.8% in the third quarter of 2011 compared to 6.1% in the same period of 2010.

Insurance and Claims

Insurance and claims expense increased $0.7 million, or 46.7%, to $2.2 million for the three months ended September 30, 2011 from $1.5 million for the three months ended September 30, 2010. Insurance and claims were 1.6% of consolidated operating revenue for the three months ended September 30, 2011 compared with 1.2% for the same period in 2010.

Forward Air

Forward Air insurance and claims expense increased $0.6 million, or 50.0%, to $1.8 million for the three months ended September 30, 2011 from $1.2 million for the three months ended September 30, 2010. The $0.6 million increase in insurance and claims is mainly attributable to the reduction of certain reserves during the third quarter of 2010 and increased vehicle damage costs. During the third quarter of 2010 we were able to reduce reserves associated with prior year premium audits by approximately $0.5 million. Vehicle physical damage repairs associated with accidents also increased $0.1 million compared to the same period in 2010.

FASI

FASI insurance and claims expense increased $0.1 million, or 33.3%, to $0.4 million for the three months ended September 30, 2011 from $0.3 million for the three months ended September 30, 2010. The $0.1 million increase in FASI insurance and claims was largely attributable to increased vehicle physical damage repairs associated with accidents.

Fuel Expense

Fuel expense increased $0.4 million, or 20.0%, to $2.4 million in the third quarter of 2011 from $2.0 million in the same period of 2010. Fuel expense was 1.8% of consolidated operating revenue for the three months ended September 30, 2011 compared with 1.6% for the same period in 2010.

Forward Air

Fuel expense increased $0.1 million, or 11.1%, to $1.0 million in the third quarter of 2011 from $0.9 million in the same period of 2010. Fuel expense was 0.9% of Forward Air operating revenue in the third quarter of 2011 and 2010. The $0.1 million, or 11.1%, increase was primarily due to an increase in average fuel prices offset by a decrease in miles driven by Company-employed drivers during the three months ended September 30, 2011 as compared to the same period in 2010.

FASI

FASI fuel expense increased $0.3 million, or 27.3%, to $1.4 million for the third quarter of 2011 from $1.1 million for the third quarter of 2010. Fuel expenses were 8.1% of FASI operating revenue in the third quarter of 2011 compared to 6.7% in the third quarter of 2010. 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 experienced during the third quarter of 2011 compared to the same period in 2010.

Other Operating Expenses

Other operating expenses increased $1.5 million, or 19.2%, to $9.3 million in the third quarter of 2011 from $7.8 million in the same period of 2010. Other operating expenses were 6.8% of consolidated operating revenue for the three months ended September 30, 2011 compared with 6.4% in the same period of 2010.

Forward Air

Other operating expenses increased $1.3 million, or 20.3%, to $7.7 million during the three months ended September 30, 2011 from $6.4 million in the same period of 2010. Other operating expenses were 6.5% of Forward Air operating revenue in the third quarter of 2011 compared to 6.1% in the same period of 2010. The $1.3 million increase in other operating expenses is attributable to the third quarter of 2010 other operating expenses being reduced by a $0.7 million gain on the termination of a capital lease and increased variable costs, such as vehicle maintenance and dock supplies during the third quarter of 2011. The gain on the termination of the capital lease reduced other operating expenses as a percentage of revenue, by 0.6%, during the three months ended September 30, 2010. Forward Air variable costs increased during the three months ended September 30, 2011, in conjunction with the shipping volume increases discussed previously.

FASI

FASI other operating expenses increased $0.2 million, or 14.3%, to $1.6 million for the three months ended September 30, 2011 compared to $1.4 million for the same period in 2010. FASI other operating expenses for the third quarter of 2011 were 9.3% of the segment's operating revenue compared to 8.5% for the same period in 2010. The $0.2 million increase is attributable to increased vehicle maintenance costs and software licensing fees. Vehicle maintenance fees increased $0.1 million on charges associated with the turn-in of leased equipment. Most of FASI's customers require us to submit delivery and performance data to them via a third-party software provider. These software licensing fees increased $0.1 million during the third quarter of 2011 compared to the same period in 2010 due to an increase in the number of customers requiring FASI to utilize these software services.

Results from Operations

Income from operations increased by $4.8 million, or 31.0%, to $20.3 million for the third quarter of 2011 compared to $15.5 million in the same period of 2010. Income from operations was 15.0% of consolidated operating revenue for the three months ended September 30, 2011 compared with 12.8% in the same period of 2010.

Forward Air

Income from operations increased by $4.9 million, or 31.2%, to $20.6 million for the third quarter of 2011 compared with $15.7 million for the same period in 2010. Income from operations as a percentage of Forward Air operating revenue was 17.3% for the three months ended September 30, 2011 compared with 14.9% in the same period of 2010. The increase in income from operations was primarily the result of the increased revenue discussed previously and the resulting positive leverage the additional revenue provides against the fixed costs of the Forward Air network.

FASI

FASI's loss from operations increased approximately $0.1 million to a $0.3 million loss for the three months ended September 30, 2011 from a $0.2 million loss for the three months ended September 30, 2010. The increase in FASI's loss from operations was primarily attributable to increased vehicle maintenance and higher software licensing fees.

Interest Expense

Interest expense was approximately $0.1 million for the three months ended September 30, 2011 compared to $0.2 million for the same period of 2010. The decrease in interest expense was primarily attributable to maturity of capital lease arrangements and the corresponding decrease in associated interest expense.

Other, Net

Other income for the three months ended September 30, 2011 and 2010 was less than $0.1 million.

Income Taxes

The combined federal and state effective tax rate for the third quarter of 2011 was 36.1% compared to a rate of 42.1% for the same period in 2010. The decrease in our effective tax rate is primarily attributable to the reenactment of certain tax credits which originally expired in 2009 but were extended through 2011 and made retroactive for 2010. In addition to adjusting the 2011 rate to reflect the estimated 2011 credit, we received a $0.4 million federal tax refund in the third quarter of 2011 for the 2010 credit which had not been previously accrued. Further reducing our effective tax rate in the third quarter of 2011 was a $0.1 million reduction of income tax contingency reserves due to the lapsing of statutes on certain state income tax filings. Also, contributing to the decrease in our effective tax rate is the increase in our net income before income taxes combined with reductions in non-deductible expenses such as share-based compensation for incentive stock options.

Net Income

As a result of the foregoing factors, net income increased by $4.0 million, or 44.9%, to $12.9 million for the third quarter of 2011 compared to $8.9 million for the same period in 2010.

Results of Operations

The following table sets forth our consolidated historical financial data for the nine months ended September 30, 2011 and 2010 (in millions):

	Nine months ended			
	September 30, 2011	**September 30, 2010**	**Change**	**Percent Change**
Operating revenue	$ 388.1	$ 350.6	$ 37.5	10.7%
Operating expenses:				
Purchased transportation	160.6	146.4	14.2	9.7
Salaries, wages, and employee benefits	95.3	95.7	(0.4)	(0.4)
Operating leases	20.1	19.4	0.7	3.6
Depreciation and amortization	15.7	15.2	0.5	3.3
Insurance and claims	6.1	6.0	0.1	1.7
Fuel expense	7.4	6.0	1.4	23.3
Other operating expenses	29.4	26.8	2.6	9.7
Total operating expenses	334.6	315.5	19.1	6.1
Income from operations	53.5	35.1	18.4	52.4
Other expense:				
Interest expense	(0.5)	(0.6)	0.1	(16.7)
Other, net	0.1	--	0.1	100.0
Total other expense	(0.4)	(0.6)	0.2	(33.3)
Income before income taxes	53.1	34.5	18.6	53.9
Income taxes	20.3	14.3	6.0	42.0
Net income	$ 32.8	$ 20.2	$ 12.6	62.4%

The following table sets forth our historical financial data by segment for the nine months ended September 30, 2011 and 2010 (in millions):

	Nine months ended					
	September 30, 2011	Percent of Revenue	September 30, 2010	Percent of Revenue	Change	Percent Change
Operating revenue						
Forward Air	$ 340.6	87.7%	$ 301.8	86.1%	$ 38.8	12.9%
FASI	48.4	12.5	49.8	14.2	(1.4)	(2.8)
Intercompany Eliminations	(0.9)	(0.2)	(1.0)	(0.3)	0.1	(10.0)
Total	388.1	100.0	350.6	100.0	37.5	10.7
Purchased transportation						
Forward Air	149.8	44.0	135.9	45.0	13.9	10.2
FASI	11.6	24.0	11.4	22.9	0.2	1.8
Intercompany Eliminations	(0.8)	88.9	(0.9)	90.0	0.1	(11.1)
Total	160.6	41.4	146.4	41.8	14.2	9.7
Salaries, wages and employee benefits						
Forward Air	75.0	22.0	73.4	24.3	1.6	2.2
FASI	20.3	41.9	22.3	44.8	(2.0)	(9.0)
Total	95.3	24.5	95.7	27.3	(0.4)	(0.4)
Operating leases						
Forward Air	14.7	4.3	13.6	4.5	1.1	8.1
FASI	5.4	11.1	5.8	11.7	(0.4)	(6.9)
Total	20.1	5.2	19.4	5.5	0.7	3.6
Depreciation and amortization						
Forward Air	12.6	3.7	12.3	4.1	0.3	2.4
FASI	3.1	6.4	2.9	5.8	0.2	6.9
Total	15.7	4.0	15.2	4.3	0.5	3.3
Insurance and claims						
Forward Air	4.8	1.4	4.7	1.6	0.1	2.1
FASI	1.3	2.7	1.3	2.6	--	--
Total	6.1	1.6	6.0	1.7	0.1	1.7
Fuel expense						
Forward Air	3.4	1.0	2.7	0.9	0.7	25.9
FASI	4.0	8.3	3.3	6.6	0.7	21.2
Total	7.4	1.9	6.0	1.7	1.4	23.3
Other operating expenses						
Forward Air	25.0	7.4	22.1	7.3	2.9	13.1
FASI	4.5	9.3	4.8	9.6	(0.3)	(6.3)
Intercompany Eliminations	(0.1)	11.1	(0.1)	10.0	--	--
Total	29.4	7.6	26.8	7.7	2.6	9.7
Income (loss) from operations						
Forward Air	55.3	16.2	37.1	12.3	18.2	49.1
FASI	(1.8)	(3.7)	(2.0)	(4.0)	0.2	(10.0)
Total	$ 53.5	13.8%	$ 35.1	10.0%	$ 18.4	52.4%

The following table presents the components of the Forward Air segment's operating revenue and purchased transportation for the nine months ended September 30, 2011 and 2010 (in millions):

	Nine months ended					
	September 30, 2011	Percent of Revenue	September 30, 2010	Percent of Revenue	Change	Percent Change
Forward Air revenue						
Airport-to-airport	$ 266.9	78.4%	$ 234.8	77.8%	$ 32.1	13.7%
Logistics	53.2	15.6	48.3	16.0	4.9	10.1
Other	20.5	6.0	18.7	6.2	1.8	9.6
Total	$ 340.6	100.0%	$ 301.8	100.0%	$ 38.8	12.9%
Forward Air purchased transportation						
Airport-to-airport	$ 104.6	39.2%	$ 94.3	40.2%	$ 10.3	10.9%
Logistics	40.2	75.6	36.8	76.2	3.4	9.2
Other	5.0	24.4	4.8	25.7	0.2	4.2
Total	$ 149.8	44.0%	$ 135.9	45.0%	$ 13.9	10.2%

Nine Months Ended September 30, 2011 compared to Nine Months Ended September 30, 2010

Revenues

Operating revenue increased by $37.5 million, or 10.7%, to $388.1 million for the nine months ended September 30, 2011 from $350.6 million in the same period of 2010.

Forward Air

Forward Air operating revenue increased $38.8 million, or 12.9%, to $340.6 million from $301.8 million, accounting for 87.7% of consolidated operating revenue for the nine months ended September 30, 2011 compared to 86.1% for the same period in 2010. Airport-to-airport revenue, which is the largest component of our consolidated operating revenue, increased $32.1 million, or 13.7%, to $266.9 million from $234.8 million, accounting for 78.4% of the segment's operating revenue during the nine months ended September 30, 2011 compared to 77.8% for the same period in September 30, 2010. Increased tonnage and an increase in our base revenue per pound, excluding net fuel surcharge revenue and Forward Air Complete ("Complete") revenue, accounted for $16.2 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 3.1% for the nine months ended September 30, 2011 versus the nine months ended September 30, 2010. Tonnage that transited our network increased by 4.9% in the nine months ended September 30, 2011 compared with the nine months ended September 30, 2010. Average base revenue per pound increased as a result of general rate increases we implemented in June 2011 and May 2010. The remaining increase in airport-to-airport revenue is the result of increased net fuel surcharge revenue and revenue from our Complete pick-up and delivery service. Net fuel surcharge revenue increased $9.2 million, or 63.9%, during the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010 in response to increased fuel prices and overall business volumes. In addition, Complete revenue increased $6.7 million, or 30.4%, million during the nine months ended September 30, 2011 compared to the same period of 2010. The increase in Complete revenue is attributable to the overall increase in airport-to-airport shipping volumes as well as higher customer utilization of our Complete service.

Logistics revenue, which is primarily TLX, increased $4.9 million, or 10.1%, to $53.2 million in the nine months ended September 30, 2011 from $48.3 million in the same period of 2010. TLX revenue, which is priced on a per mile basis, increased $4.7 million as miles driven to support our TLX revenue increased by approximately 9.9% during the nine months ended September 30, 2011 compared to the same period in 2010. Also, TLX average revenue per mile increased 0.9%. The increase in miles and average revenue per mile is mainly attributable to new business wins in the first quarter of 2011. The remaining increase in logistics revenue was primarily driven by a $0.2 million increase in other non-mileage based logistic revenues, such as drayage services, which increased in conjunction with the overall increase in TLX business volumes.

Other revenue, which includes warehousing services and terminal handling, accounted for the final component of Forward Air operating revenue. Other revenue increased $1.8 million, or 9.6%, to $20.5 million in the nine months ended September 30, 2011 from $18.7 million in the same period of 2010. The increase in revenue was primarily due to increases in other pick-up and delivery services as well as handling and sorting services that primarily increased in conjunction with the increase in our airport-to-airport business.

FASI

FASI operating revenue decreased $1.4 million, or 2.8%, to $48.4 million for the nine months ended September 30, 2011 from $49.8 million for the same period in 2010. The decrease in revenue is primarily attributable to a FASI customer termination, which accounted for approximately $5.4 million in revenue during the nine months ended September 30, 2010. The lost revenue was low yielding and the impact on operating results from curtailing these services was minimal. This revenue loss was largely offset by new business wins and increased fuel surcharge revenue.

Intercompany Eliminations

Intercompany eliminations decreased $0.1 million, or 10.0%, to $0.9 million in the nine months ended September 30, 2011 from $1.0 million in the same period of 2010. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI and FASI cartage services provided to Forward Air during the nine months ended September 30, 2011. The decrease in intercompany eliminations was the result of reduced airport-to-airport and truckload services Forward Air provided to FASI.

Purchased Transportation

Purchased transportation increased by $14.2 million, or 9.7%, to $160.6 million in the nine months ended September 30, 2011 from $146.4 million in the same period of 2010. As a percentage of total operating revenue, purchased transportation was 41.4% during the nine months ended September 30, 2011 compared to 41.8% for the same period in 2010.

Forward Air

Forward Air's purchased transportation increased by $13.9 million, or 10.2%, to $149.8 million for the nine months ended September 30, 2011 from $135.9 million for the nine months ended September 30, 2010. The increase in purchased transportation is primarily attributable to a 7.3% increase in miles driven and a 2.7% increase in the total cost per mile for the nine months ended September 30, 2011 versus the same period in 2010. As a percentage of segment operating revenue, Forward Air purchased transportation was 44.0% during the nine months ended September 30, 2011 compared to 45.0% for the same period in 2010.

Purchased transportation costs for our airport-to-airport network increased $10.3 million, or 10.9%, to $104.6 million for the nine months ended September 30, 2011 from $94.3 million for the nine months ended September 30, 2010. For the nine months ended September 30, 2011, purchased transportation for our airport-to-airport network decreased to 39.2% of airport-to-airport revenue from 40.2% for the same period in 2010. The $10.3 million increase is mostly attributable to a 6.3% increase in miles driven by our network of owner-operators or third party transportation providers and a 1.6% increase in the cost per mile paid to our network of owner-operators or third party transportation providers. The increase in miles increased purchased transportation by $5.0 million while the increase in cost per mile increased purchased transportation by $1.3 million. Miles driven by our network of owner-operators or third party transportation providers increased in conjunction with the tonnage increase discussed above. The cost per mile increase was attributable to increased use of more costly third party transportation providers as additional capacity was required to accommodate the increased tonnage volumes. The remaining increase was attributable to a $4.0 million increase in third party transportation costs associated with the increased Complete volumes discussed above.

Purchased transportation costs for our logistics revenue increased $3.4 million, or 9.2%, to $40.2 million for the nine months ended September 30, 2011 from $36.8 million for the nine months ended September 30, 2010. For the nine months ended September 30, 2011, logistics' purchased transportation costs represented 75.6% of logistics revenue compared to 76.2% for the same period in 2010. The increase in logistics' purchased transportation was mainly attributable to a $3.2 million, or 9.4% increase in TLX purchased transportation. Miles driven to support our TLX revenue increased 9.9% while our TLX cost per mile decreased approximately 0.5% during the nine months ended September 30, 2011 compared to the same period in 2010. The decrease in cost per mile was mostly attributable to increased utilization of our network of owner-operators as opposed to more costly third party transportation providers. The remaining $0.2 million increase in logistics' purchased transportation costs was attributable to increases in other non-mileage based costs such as drayage services.

Purchased transportation costs related to our other revenue increased $0.2 million, or 4.2%, to $5.0 million for the nine months ended September 30, 2011 compared to $4.8 million for the same period in 2010. Other purchased transportation costs as a percentage of other revenue decreased to 24.4% of other revenue for the nine months ended September 30, 2011 from 25.7% for the same period in 2010. The decrease in other purchased transportation costs as a percentage of other revenue is attributable to the reduced use of more costly third party transportation providers, as opposed to Company-employed drivers or our network of owner-operators, to provide the transportation services associated with our other revenues, such as freight and container transfers and other miscellaneous pick-up and delivery services. In addition, the decrease in other purchased transportation costs is also attributable to rate reductions received from pick-up and delivery transportation providers in certain large markets.

FASI

FASI purchased transportation increased $0.2 million, or 1.8%, to $11.6 million for the nine months ended September 30, 2011 from $11.4 million for the nine months ended September 30, 2010. FASI purchased transportation as a percentage of revenue was 24.0% for the nine months ended September 30, 2011 compared to 22.9% for the nine months ended September 30, 2010. The increase in FASI purchased transportation in total dollars and as a percentage of revenue was attributable to our continued efforts to convert from Company-employee drivers to owner-operators and certain new business having an increased linehaul component which increased the utilization of owner-operators and third-party transportation providers.

Intercompany Eliminations

Intercompany eliminations decreased $0.1 million, or 11.1%, to $0.8 million for the nine months ended September 30, 2011 from $0.9 million for the same period in September 30, 2010. The intercompany eliminations are the result of truckload and airport-to-airport services Forward Air provided to FASI and FASI cartage services provided to Forward Air during the nine months ended September 30, 2011. The decrease in intercompany eliminations was the result of reduced airport-to-airport and truckload services Forward Air provided to FASI.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits decreased by $0.4 million, or 0.4%, to $95.3 million for the nine months ended September 30, 2011 from $95.7 million in the same period of 2010. As a percentage of total operating revenue, salaries, wages and employee benefits was 24.5% during the nine months ended September 30, 2011 compared to 27.3% for the same period in 2010.

Forward Air

Salaries, wages and employee benefits of Forward Air increased by $1.6 million, or 2.2%, to $75.0 million for the nine months ended September 30, 2011 from $73.4 million in the same period of 2010. Salaries, wages and employee benefits were 22.0% of Forward Air's operating revenue in the nine months ended September 30, 2011 compared to 24.3% for the same period of 2010. The reduction in salaries, wages, and benefits as a percentage of revenue is primarily attributable to a $2.1 million, or 0.7% as a percentage of revenue, decrease in workers' compensation losses. The decrease in workers' compensation losses resulted from a current year reduction of workers' compensation loss development reserves as a result of a current year actuary analysis as well as reduced current year claims. The actuary analysis of workers' compensation claims in 2010 required an increase to the workers' compensation loss development reserves. The remaining improvement in salaries, wages and employee benefits as a percentage of revenue is the result of the increase in revenue outpacing the increase in salaries, wages and employee benefits. The increase in salaries, wages and employee benefits in total dollars is largely due to increased variable wages, primarily dock and terminal employees, which increased in conjunction with the volume increases discussed previously.

FASI

FASI salaries, wages and employee benefits decreased $2.0 million, or 9.0%, to $20.3 million for the nine months ended September 30, 2011 compared to $22.3 million for the nine months ended September 30, 2010. As a percentage of FASI operating revenue, salaries, wages and benefits decreased to 41.9% for the nine months ended September 30, 2011 compared to 44.8% for the same period in 2010. The decrease in salaries, wages and benefits in total dollars was in conjunction with the decreased revenue volumes discussed above and decreased workers' compensation and health insurance costs. The decrease in salaries, wages and employee benefits as a percentage of revenue is the result of reduced dock wages, Company-employed driver pay and health insurance and workers' compensation losses. For the nine months ended September 30, 2011, we reduced our dock pay by 0.8% as a percentage of revenue compared to the same period in 2010. 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. We also reduced driver pay by 0.4% as a percentage of revenue as wherever feasible we continued our efforts to shift away from Company-employed drivers to a more variable cost structure via a network of owner-operators. Workers' compensation and health insurance losses decreased 1.2% as a percentage of revenue due to reductions in workers' compensation loss development reserves attributable to a current year actuary analysis as well as reduced health claims during the nine months ended September 30, 2011 compared to the same period in 2010. The remaining improvement in salaries, wages and employee benefits as a percentage of revenue is the result of reduced administrative salaries and benefits as a result of our on-going efforts to control FASI costs.

Operating Leases

Operating leases increased by $0.7 million, or 3.6%, to $20.1 million in the nine months ended September 30, 2011 from $19.4 million in the same period of 2010. Operating leases, the largest component of which is facility rent, were 5.2% of consolidated operating revenue for the nine months ended September 30, 2011 compared with 5.5% in the same period of 2010.

Forward Air

Operating leases increased $1.1 million, or 8.1%, to $14.7 million in the nine months ended September 30, 2011 from $13.6 million in the same period of 2010. Operating leases were 4.3% of Forward Air operating revenue for the nine months ended September 30, 2011 compared with 4.5% in the same period of 2010. The $1.1 million increase was the result of a $0.6 million increase in facility rent and $0.5 million increase in trailer rentals. Facility rent increased as certain existing terminals were relocated to larger facilities during the third quarter of 2010. Trailer rentals increased to provide additional capacity until new trailers were received during the third quarter of 2011.

FASI

FASI operating lease expense decreased $0.4 million, or 6.9%, to $5.4 million for the nine months ended September 30, 2011 from $5.8 million for the same period in 2010. The $0.4 million decrease was attributable to lower facility rent and reduced costs for leased and rented equipment. Office rent decreased $0.2 million due to the consolidation of over-lapping facilities with Forward Air. Leased and rented equipment costs declined $0.2 million as leased and rented equipment was replaced with either owner-operator units or Company-owned units.

Depreciation and Amortization

Depreciation and amortization increased $0.5 million, or 3.3%, to $15.7 million for the nine months ended September 30, 2011 from $15.2 million in the same period of 2010. Depreciation and amortization expense as a percentage of Forward Air operating revenue was 4.0% in the nine months ended September 30, 2011 compared to 4.3% in the same period of 2010.

Forward Air

Depreciation and amortization increased $0.3 million, or 2.4%, to $12.6 million for the nine months ended September 30, 2011 from $12.3 million in the same period of 2010. Depreciation and amortization was 3.7% of consolidated operating revenue for the nine months ended September 30, 2011 compared with 4.1% in the same period of 2010. The increase in depreciation is attributable to a $0.6 million increase in depreciation on forklifts offset by a $0.2 million decrease in trailer and tractor depreciation and a $0.1 million decrease in building amortization. The increase in forklift depreciation is attributable to new forklifts purchased during the first six months of 2011. The decrease in trailer and tractor depreciation was attributable to older equipment becoming fully depreciated partially offset by new trailers purchased in late third quarter of 2011. The decline in building amortization is due to the termination of a facility capital lease during the third quarter of 2010.

FASI

FASI depreciation and amortization increased $0.2 million, or 6.9%, to $3.1 million for the nine months ended September 30, 2011 from $2.9 million for the same period in 2010. Depreciation and amortization expense as a percentage of FASI operating revenue was 6.4% in the nine months ended September 30, 2011 compared to 5.8% in the same period of 2010. The $0.2 million increase is primarily attributable to new tractors and vehicles purchased during the second half of 2010 and the second quarter of 2011.

Insurance and Claims

Insurance and claims expense increased $0.1 million, or 1.7%, to $6.1 million for the nine months ended September 30, 2011 from $6.0 million for the nine months ended September 30, 2010. Insurance and claims were 1.6% of consolidated operating revenue for the nine months ended September 30, 2011 compared with 1.7% for the same period in 2010.

Forward Air

Forward Air insurance and claims expense increased $0.1 million, or 2.1%, to $4.8 million for the nine months ended September 30, 2011 from $4.7 million for the nine months ended September 30, 2010. The $0.1 million increase in insurance and claims is mainly attributable to a $0.3 million increase in accident related vehicle repairs partially offset by a $0.2 million decrease in professional fees associated with litigating and investigating accidents. The reduction of insurance and premiums resulting from renegotiated insurance plans during the nine months ended September 30, 2011 was mostly offset by the reduction of prior year premium audit reserves included in the nine months ended September 30, 2010.

FASI

FASI insurance and claims expense was $1.3 million for the nine months ended September 30, 2011 and 2010. FASI insurance and claims were 2.7% of operating revenue for the nine months ended September 30, 2011 compared with 2.6% for the same period in 2010. Increase as a percentage of revenue was the result of the decline in revenue discussed previously.

Fuel Expense

Fuel expense increased $1.4 million, or 23.3%, to $7.4 million for the nine months ended September 30, 2011 from $6.0 million in the same period of 2010. Fuel expense was 1.9% of consolidated operating revenue for the nine months ended September 30, 2011 compared to 1.7% for the same period in 2010.

Forward Air

Fuel expense increased $0.7 million, or 25.9%, to $3.4 million for the nine months ended September 30, 2011 from $2.7 million in the same period of 2010. Fuel expense was 1.0% of Forward Air operating revenue for the nine months ended September 30, 2011 compared to 0.9% for the same period in 2010. The increase was primarily due to an increase in average fuel prices during the nine months ended September 30, 2011 as compared to the same period in 2010.

FASI

FASI fuel expense increased $0.7 million, or 21.2%, to $4.0 million for the nine months ended September 30, 2011 from $3.3 million for the nine months ended September 30, 2010. Fuel expenses were 8.3% of FASI operating revenue in the nine months ended September 30, 2011 compared to 6.6% in the same period of 2010. 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 experienced during the nine months ended September 30, 2011 compared to the same period in 2010, partially offset by reductions in Company-employed miles driven during the nine months ended September 30, 2011 as compared to the same period in 2010.

Other Operating Expenses

Other operating expenses increased $2.6 million, or 9.7%, to $29.4 million in the nine months ended September 30, 2011 from $26.8 million in the same period of 2010. Other operating expenses were 7.6% of consolidated operating revenue for the nine months ended September 30, 2011 compared with 7.7% in the same period of 2010.

Forward Air

Other operating expenses increased $2.9 million, or 13.1%, to $25.0 million during the nine months ended September 30, 2011 from $22.1 million in the same period of 2010. Other operating expenses were 7.4% of Forward Air operating revenue in the nine months ended September 30, 2011 compared to 7.3% in the same period of 2010. The increase in other operating expenses is attributable to increased variable costs, such as vehicle maintenance and dock supplies, during the nine months ended September 30, 2011, and the other operating expenses for the nine months ended September 30, 2010 being reduced by a $0.7 million gain on the termination of a capital lease. The gain on the termination of the capital lease reduced other operating expenses, as a percentage of revenue, by 0.3% during the nine months ended September 30, 2010. Forward Air variable costs increased during the nine months ended September 30, 2011, in conjunction with the shipping volume increases discussed previously.

FASI

FASI other operating expenses decreased $0.3 million, or 6.3%, to $4.5 million for the nine months ended September 30, 2011 compared to $4.8 million for the same period in 2010. FASI other operating expenses for the nine months ended September 30, 2011 were 9.3% of the segment's operating revenue compared to 9.6% for the same period in 2010. The $0.3 million decrease is attributable to reductions in variable costs in conjunction with the decline in revenue discussed previously and other cost control efforts.

Intercompany Eliminations

Intercompany eliminations were $0.1 million for the nine months ended September 30, 2011 and 2010. These intercompany eliminations were for agent station services FASI provided to Forward Air.

Results from Operations

Income from operations increased by $18.4 million, or 52.4%, to $53.5 million for the nine months ended September 30, 2011 compared to $35.1 million in the same period of 2010. Income from operations was 13.8% of consolidated operating revenue for the nine months ended September 30, 2011 compared with 10.0% in the same period of 2010.

Forward Air

Income from operations increased by $18.2 million, or 49.1%, to $55.3 million for the nine months ended September 30, 2011 compared with $37.1 million for the same period in 2010. Income from operations as a percentage of Forward Air operating revenue was 16.2% for the nine months ended September 30, 2011 compared with 12.3% in the same period of 2010. The increase in income from operations was primarily the result of the increased revenue discussed previously and the resulting positive leverage the additional revenue provides against the fixed costs of the Forward Air network. Also contributing to the improvement in results was the favorable workers' compensation reserve adjustment discussed previously.

FASI

FASI's loss from operations improved $0.2 million, or 10.0%, to a $1.8 million loss for the nine months ended September 30, 2011 from a $2.0 million loss for the nine months ended September 30, 2010. The decrease in FASI's loss from operations was primarily driven by lower health and workers' compensation losses, the discontinuance of low yield business and continuing efforts to improve operating efficiencies and control variable and discretionary costs.

Interest Expense

Interest expense decreased $0.1 million, or 16.7%, to $0.5 million for the nine months ended September 30, 2011 compared to $0.6 million for the same period in 2010. Decrease in interest expense was primarily attributable to maturity of capital lease arrangements and the corresponding decrease in associated interest expense.

Other, Net

Other income was $0.1 million for the nine months ended September 30, 2011 compared to less than $0.1 million for the same period in 2010.

Income Taxes

The combined federal and state effective tax rate for the nine months ended September 30, 2011 was 38.3% compared to a rate of 41.5% for the same period in 2010. The decrease in our effective tax rate is primarily attributable to the reenactment of certain tax credits which originally expired in 2009 but were extended through 2011 and made retroactive for 2010. In addition to adjusting the 2011 rate to reflect the estimated 2011 credit, we received a $0.4 million federal tax refund in the third quarter of 2011 for the 2010 credit which had not been previously accrued. Further reducing our effective tax rate was a $0.1 million reduction of income tax contingency reserves due to the lapsing of statutes on certain state income tax filings. Also, contributing to the decrease in our effective tax rate is the increase in our net income before income taxes combined with reductions in non-deductible expenses such as share-based compensation for incentive stock options.

Net Income

As a result of the foregoing factors, net income increased by $12.6 million, or 62.4%, to $32.8 million for the nine months ended September 30, 2011 compared to $20.2 million for the same period in 2010.

Critical Accounting Policies

Our unaudited condensed 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 unaudited condensed 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. A summary of significant accounting policies is disclosed in Note 1 to the Consolidated Financial Statements included in our 2010 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 2010 Annual Report on Form 10-K.

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 require a greater level of disaggregated information and additional disclosures about valuation techniques and inputs to fair value measurements. The amendment requires 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. For level 3 fair value measurements, the disclosure requirements were 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 for periods beginning after December 15, 2010 did not have a material impact on our financial statement disclosures.

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 $54.8 million for the nine months ended September 30, 2011 compared to approximately $37.9 million for the nine months ended September 30, 2010. The $16.9 million increase in cash provided by operating activities is mainly attributable to a $20.5 million increase in net earnings after consideration of non-cash items partially offset by a $3.6 million increase in cash used for prepaid assets and accounts payable.

Net cash used in investing activities was approximately $19.0 million for the nine months ended September 30, 2011 compared with approximately $10.5 million used in investing activities during the nine months ended September 30, 2010. Investing activities during the nine months ended September 30, 2011 consisted primarily of capital expenditures for new trailers, tractors, vehicles and forklifts to replace aging units. The $1.0 million of proceeds from disposal of property and equipment is primarily from sales of older vehicles replaced by recent purchases.

Net cash used in financing activities totaled approximately $22.9 million for the nine months ended September 30, 2011 compared with approximately $6.2 million during the nine months ended September 30, 2010. The increase in cash used in financing activities is attributable to $24.3 million used for the repurchase of our common stock during the three months ended September 30, 2011 partially offset by a $7.2 million increase in cash received from the exercise of stock options. Remaining financing activities for the nine months ended September 30, 2011 and 2010 included our quarterly dividend payment and scheduled capital lease payments.

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 September 30, 2011, we had $39.2 million of available borrowing capacity under the senior credit facility, not including the accordion feature, and had utilized $10.8 million of availability for outstanding letters of credit. We are currently in the process of negotiating a new credit facility and expect to have a new facility in place by December 31, 2011.

In July 2007, our Board of Directors approved a stock repurchase program (“Repurchase Plan”) for up to two million shares of our common stock. During the three and nine months ended September 30, 2011, we repurchased 904,729 shares of common stock under the Repurchase Plan for $24.3 million, or $26.85 per share. As of September 30, 2011, 884,098 shares remain that may be repurchased under the Repurchase Plan. In addition, during October 2011, we repurchased 69,039 shares of common stock under the Repurchase Plan for $1.8 million, or $26.17 per share. As of the date of this filing, 815,059 shares remain that may be repurchased under the Repurchase Plan.

During each quarter of 2011 and 2010, 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.

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. 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 outstanding debt is not significant and has not changed materially since December 31, 2010.

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 Securities and Exchange Commission ("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 Control

There were no changes in our internal control over financial reporting during the nine months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control 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 and 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 1A. 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 2010 Annual Report on Form 10-K. There have been no changes in the nature of these factors since December 31, 2010.

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

There were no unregistered purchases of shares of our common stock during the nine months ended September 30, 2011.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

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.

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)
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 Commission on July 6, 2009)
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)
10.1	Form of Performance Share Agreement under the registrant's Amended and Restated Stock Option and Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, filed with the Securities and Exchange Commission on April 25, 2011)
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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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: October 28, 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)

EXHIBIT INDEX

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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, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2011 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: October 28, 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, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2011 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: October 28, 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 Quarterly Report on Form 10Q of Forward Air Corporation (the "Company") for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (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.

Date: October 28, 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 Quarterly Report on Form 10Q of Forward Air Corporation (the "Company") for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rodney L. Bell, 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.

Date: October 28, 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.