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 March 31, 2000
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 or organization)	(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) 636-7100

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 [X] NO [ ]

The number of shares outstanding of the registrant's common stock, $.01 par value, as of April 28, 2000 was 20,929,415.

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FORWARD AIR CORPORATION

<TABLE>
<CAPTION>

</TABLE>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Forward Air Corporation

Condensed Consolidated Balance Sheets

<TABLE>
<CAPTION>

	March 31, 2000	December 31, 1999
	(Unaudited)	(Note 1)
	(In thousands, except share data)	
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,117	$ 5,989
Accounts receivable, less allowance of $1,018 in 2000 and $918 in 1999	28,120	27,342
Other current assets	3,145	3,083
Total current assets	41,382	36,414
Property and equipment	48,564	47,197
Less accumulated depreciation and amortization	(15,399)	(14,307)
	33,165	32,890
Other assets	10,083	10,313
Total assets	$ 84,630	$ 79,617
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,617	$ 7,436
Accrued expenses	8,486	8,145
Current portion of long-term debt	358	758
Current portion of capital lease obligations	523	513
Total current liabilities	16,984	16,852
Long-term debt, less current portion	64	835

Capital lease obligations, less current portion	3,788	3,919
Deferred income taxes	3,623	3,059
Shareholders' equity:		
Preferred stock	--	--
Common stock, $.01 par value:		
Authorized shares - 50,000,000		
Issued and outstanding shares - 20,888,813 in 2000 and 20,732,963 in 1999	209	207
Additional paid-in capital	36,156	35,528
Retained earnings	23,806	19,217
Total shareholders' equity	60,171	54,952
Total liabilities and shareholders' equity	$ 84,630	$ 79,617

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Condensed Consolidated Statements of Income
(Unaudited)

<TABLE>
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	Three months ended	
	March 31, 2000	March 31, 1999
	(In thousands, except per share data)	
<S>	<C>	<C>
Operating revenue	$ 49,407	$ 37,728
Operating expenses:		
Purchased transportation:		
Provided by Landair Corporation	719	709
Provided by others	20,477	15,520
Salaries, wages and employee benefits	11,434	8,722
Operating leases	2,569	2,126
Depreciation and amortization	1,373	1,199
Insurance and claims	806	340
Other operating expenses	4,658	3,637
	42,036	32,253
Income from operations	7,371	5,475
Other income (expense):		
Interest expense	(83)	(446)
Other, net	141	32
	58	(414)
Income before income taxes	7,429	5,061
Income taxes	2,840	1,961
Net income	4,589	3,100
Income per share:		
Basic	$ 0.22	$ 0.16

Diluted	$ 0.21	$ 0.16

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Condensed Consolidated Statements of Cash Flows
(Unaudited)

<TABLE>
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	Three months ended	
	March 31, 2000	March 31, 1999
	(In thousands)	
<S>	<C>	<C>
Cash provided by operations	$ 6,199	$ 5,561
Investing activities:		
Proceeds from disposal of property and equipment	27	265
Purchases of property and equipment	(1,461)	(2,161)
Other	25	(20)
	(1,409)	(1,916)
Financing activities:		
Payments of long-term debt	(1,171)	(3,939)
Payments of capital lease obligations	(121)	(539)
Proceeds from exercise of stock options	630	495
Net cash provided by financing activities	(662)	(3,983)
Increase (decrease) in cash and cash equivalents	$ 4,128	$ (338)

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2000

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of

Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Forward Air Corporation annual report on Form 10-K for the year ended December 31, 1999.

The balance sheet at December 31, 1999 has been derived from the audited financial statements at that date, but does not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements.

2. COMPREHENSIVE INCOME

The Company had no items of other comprehensive income in 2000 or 1999 and, accordingly, comprehensive income is equivalent to net income.

3. NET INCOME PER SHARE

On January 10, 2000, the Board of Directors approved a three-for-two split of the common stock which was distributed on January 28, 2000 to shareholders of record as of January 21, 2000. On February 24, 1999, the Board of Directors approved a two-for-one split of the common stock of the Company which was distributed on March 19, 1999 to shareholders of record as of March 12, 1999. Common stock issued and additional paid-in capital have been restated to reflect these splits for all periods presented. All common share and per share data included in the condensed consolidated financial statements and notes thereto have been restated to give effect to the stock splits.

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

<TABLE>
<CAPTION>

	Three months ended	
	March 31, 2000	March 31, 1999
<S>	<C>	<C>
Numerator:		
Numerator for basic and diluted income per share - net income	$ 4,589	$ 3,100
Denominator:		
Denominator for basic income per share - weighted-average shares	20,782	18,944
Effect of dilutive stock options	1,293	740
Denominator for diluted income per share - adjusted weighted-average shares	22,076	19,684
Basic income per share	$ 0.22	$ 0.16
Diluted income per share	$ 0.21	$ 0.16

</TABLE>

4. INCOME TAXES

For the three months ended March 31, 2000 and 1999, the effective income tax rate varied from the statutory federal income tax rate of 35% primarily as a result of the effect of state income taxes, net of the federal benefit, and permanent differences.

5. CONTINGENCIES

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

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

Because of the uncertainty of the ultimate resolution of outstanding claims, as well as uncertainty regarding claims incurred but not reported, it is possible that management's provision for these

losses could change materially in the near term. However, no estimate can currently be made of the range of additional loss that is at least reasonably possible.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The Company provides scheduled ground transportation of cargo on a time-definite basis. As a result of the Company's established transportation schedule and network of terminals, its operating cost structure includes significant fixed costs. The Company's ability to improve its operating margins will depend on its ability to increase the volume of freight moving through its network.

Results of Operations

The following table shows the percentage relationship of expense items to operating revenue for the periods indicated.

<TABLE>
<CAPTION>

	Three months ended	
	March 31, 2000	March 31, 1999
Operating revenue	100.0%	100.0%
Operating expenses:		
Purchased transportation	42.9	43.0
Salaries, wages and employee benefits	23.1	23.1
Operating leases	5.2	5.6
Depreciation and amortization	2.8	3.2
Insurance and claims	1.6	0.9
Other operating expenses	9.5	9.7
	85.1	85.5
Income from operations	14.9	14.5
Other income (expense):		
Interest expense	(0.2)	(1.2)
Other, net	0.3	0.1
	0.1	(1.1)
Income before income taxes	15.0	13.4
Income taxes	5.7	5.2
Net income	9.3%	8.2%

</TABLE>

Three Months Ended March 31, 2000 compared to Three Months Ended March 31, 1999

Operating revenue increased by $11.7 million, or 31.0%, to $49.4 million in the first quarter of 2000 from $37.7 million in the same period of 1999. This increase resulted primarily from increased volume from domestic and international air cargo customers, an increase in the number of operating terminals and direct shuttles and enhanced logistics services.

Purchased transportation represented 42.9% of operating revenue in the first quarter of 2000 compared to 43.0% in the same period of 1999.

Salaries, wages and employee benefits were 23.1% of operating revenue in the first quarter of 2000 and 1999.

Operating leases, the largest component of which is terminal rent, were 5.2% of operating revenue in the first quarter of 2000 compared to 5.6% in the same period of 1999. The decrease in operating leases as a percentage of operating revenue between periods was attributable to increased operating revenue.

Depreciation and amortization expense as a percentage of operating revenue was 2.8% in the first quarter of 2000, compared to 3.2% in the same period of 1999. The decrease in depreciation and amortization expense as a percentage of revenue was attributable to increased utilization of operating equipment during 2000 as compared to the same period in 1999.

Insurance and claims as a percentage of revenue were 1.6% of operating revenue in the first quarter of 2000, compared with 0.9% in the same period of 1999. The increase was due primarily to an increase in the frequency and severity of accidents during the first quarter of 2000.

Other operating expenses were 9.5% of operating revenue in the first quarter of 2000 compared to 9.7% in the same period of 1999. The decrease in other operating expenses as a percentage of operating revenue was primarily attributable to a lower operating cost structure on a percentage of revenue basis due to increased operating revenue.

Income from operations increased by $1.9 million, or 34.6%, to $7.4 million for the first quarter of 2000 compared to $5.5 million for the same period in 1999. The increase in income from operations is due primarily to a lower operating cost structure on a percentage of revenue basis resulting from an increase in operating revenue, which allowed the Company to spread the fixed costs of the network over a larger revenue base.

Interest expense was $83,000, or 0.2% of operating revenue, in the first quarter of 2000, compared to $446,000, or 1.2%, for the same period in 1999. The decrease in interest expense was due to lower average net borrowings during the first quarter of 2000.

Other income, net was $141,000, or 0.3% of operating revenue, in the first quarter of 2000, compared to $32,000, or 0.1%, for the same period in 1999. The increase in other income was due to higher interest income as a result of higher average cash and cash equivalent balances during the first quarter of 2000.

The combined federal and state effective tax rate for the first quarter of 2000 was 38.2% compared to a rate of 38.7% for the same period in 1999.

As a result of the foregoing factors, net income increased by $1.5 million, or 48.4%, to $4.6 million for the first quarter of 2000, compared to $3.1 million for the same period in 1999.

Liquidity and Capital Resources

The Company has historically financed its working capital needs, including capital purchases, with cash flows from operations and borrowings under the Company's bank lines of credit. Net cash provided by operating activities totaled approximately $6.2 million for the three months ended March 31, 2000, compared with $5.6 million in the same period of 1999.

Net cash used in investing activities was approximately $1.4 million in the three months ended March 31, 2000 compared with $1.9 million in the same period of 1999. Investing activities consisted primarily of the purchase of operating equipment and management information systems during these periods.

Net cash used in financing activities totalled approximately $662,000 in the three months ended March 31, 2000 compared with $4.0 million in the same period of 1999. Financing activities included the repayment of long-term debt and capital leases and proceeds received from the exercise of stock options.

The Company's credit facilities include a working capital line of credit and an equipment financing facility. As long as the Company complies with the financial covenants and ratios established in the credit facility agreements, these credit facilities permit borrowings of up to $20.0 million under the working capital line of credit, and up to $25.0 million under the equipment financing facilities. Interest rates for advances under the facilities vary based on how the Company's performance measures against covenants related to total indebtedness, cash flows, results of operations and other ratios. The facilities bear interest at LIBOR plus .80% to 1.90%, expire in December 2000 and April 2001 and are secured by accounts receivable and most equipment. The amount the Company can borrow under the line of credit is reduced by the amount of any outstanding letters of credit. At March 31, 2000 and December 31, 1999, the Company had no borrowings outstanding under the line of credit facility or the equipment financing facility.

Management believes that its available cash, expected cash generated from future operations and borrowings under available lines of credit, will be sufficient to satisfy the Company's anticipated cash needs for at least the next twelve months.

Year 2000 Issues

In prior years, the Company discussed the nature and progress of its plans to become Year 2000 ready. In late 1999, the Company completed its remediation and testing of systems. As result of those planning and implementation efforts, the Company experienced no significant disruptions in mission critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. The Company expensed approximately $20,000 during the first quarter of 1999 in connection with remediating its systems. The Company is not aware of any material problems resulting from Year 2000 issues, either with its products, its internal systems, or the products and services of third parties. The Company will

continue to monitor its mission critical computer applications and those of its suppliers and vendors throughout the Year 2000 and will address any latent Year 2000 matters that may arise.

Forward-Looking Statements

The Company, or its executive officers and directors on behalf of the Company, may from time to time make written or oral "forward-looking statements." Written forward-looking statements may appear in documents filed with the Securities and Exchange Commission, in press releases and in reports to shareholders. Oral forward-looking statements may be made by the Company's executive officers and directors on behalf of the Company to the press, potential investors, securities analysts and others. The Private Securities Litigation Reform Act of 1995 contains a safe harbor for forward-looking statements. The Company relies on this safe harbor in making such disclosures. In connection with this safe harbor provision, the Company is hereby identifying important factors that could cause actual results to differ materially from those contained in any forward-looking statement made by or on behalf of the Company. Without limitation, factors that might cause such a difference include economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, the Company's inability to maintain its historical growth rate due to a decreased volume of freight moving through the Company's network, competition, surplus inventories, loss of a major customer, the inability of the Company's information systems to handle an increased volume of freight moving through its network, and the lack of availability and compensation of qualified independent owner-operators needed to serve the Company's transportation needs. The Company disclaims any intent or obligation to update these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

The Company's exposure to market risk related to its remaining outstanding debt is not significant.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is, from time to time, a party to litigation arising in the normal course of its business, most of which involve claims for personal injury and property damage incurred in connection with the transportation of freight. Management believes that none of these actions, individually or in the aggregate, will have a material adverse effect on the financial condition or results of operations of the Company.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not Applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - The response to this portion of Item 6 is submitted as a separate section of this report.

(b) Reports on Form 8-K - The Company did not file any reports on Form 8-K during the three months ended March 31, 2000.

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: May 5, 2000 By: /s/ Edward W. Cook

Edward W. Cook
Chief Financial Officer
and Senior Vice President

EXHIBIT INDEX

Exhibit No.

10.1 First Amendment to the Transition Services

Agreement, dated as of February 4, 2000,
between the registrant and Landair Corporation

27.1 Financial Data Schedule - Period Ended
March 31, 2000 (Electronic Filing Only)

EXHIBIT 10.1

FIRST AMENDMENT

to the

TRANSITION SERVICES AGREEMENT

Between

FORWARD AIR CORPORATION
f/k/a Landair Services, Inc.

and

LANDAIR CORPORATION

This First Amendment to the Transition Services Agreement (this "Agreement"), dated as of February 4, 2000, is made and entered into by and between FORWARD AIR CORPORATION ("Forward Air"), a Tennessee corporation and LANDAIR CORPORATION ("Landair"), a Tennessee corporation.

WHEREAS, Forward Air and Landair entered into that certain Transition Services Agreement, dated as of September 18, 1998 (the "Original Agreement"), which provided for, among other things, the continued providing of services by the parties to the Original Agreement;

WHEREAS, the parties over time have agreed to continue certain services and to terminate certain services and, in connection with the termination of future services the parties wish to specifically provide for the terms and conditions and the allocation of certain costs in connection with the termination of certain services under the Original Agreement; and

WHEREAS, the parties now desire to amend the Original Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter expressed, and subject to the satisfaction or waiver of the conditions hereof, the parties hereto agree as follows:

1. Continuation of Certain Services. The parties understand and agree to continue the joint services set forth on Attachment A to this Agreement for a period of 18 months, subject to the termination provisions set forth in the Original Agreement and as modified by this Agreement.

2. Allocation of Cost for Shared Assets. The parties understand and agree that the past and future obligations to provide certain services (the "Services") required under the terms of the Original Agreement has required and will continue to require either or both parties to acquire equipment and/or make capital investments in certain assets (the "Joint Services Assets") which are needed or required to provide services. The parties to the Original Agreement further understand and agree that in the event of a termination of any Service that requires the use of Joint Services Assets, the investment in the Joint Services Assets will need to be settled and resolved as between the parties to the Original Agreement. In the event of a termination of all or a portion of the Services under the Original Agreement prior to the full depreciation or amortization of the Joint Services Assets used to provide such services, the parties agree that they will settle and resolve all obligations on any Joint Services Assets that have not been fully amortized or depreciated at the time of any such termination as follows:

(i) Joint Services Assets not owned by Party Requesting Termination. In the event the party requesting termination of any Services does not own the Joint Services Assets used to provide such Services, the party requesting termination shall pay to the owner of such Joint Services

Assets an amount equal to the pro rata portion of the then remaining book value of any Joint Services Asset as then set forth on the books of the owner (such pro rata portion to be determined based on the allocation of Service costs and expenses as then in effect) and, the party thus receiving payment shall be entitled to keep the Joint Services Asset; and

(ii) Joint Services Assets owned by Party Requesting Termination. In the event the party requesting termination of Services owns the Joint Services Assets

related to the terminated Services, then the party requesting termination shall be entitled to payment from the party not requesting termination of the Services. The payment for the Joint Services Assets utilized in connection with the terminated Services shall be calculated as follows:

The termination payment shall be in an amount equal to a pro ration of the book value as set forth in Section 2(i) above times two thirds.

3. Agreed Basis for Joint Services Assets. The parties agree that the shared assets which constitute Joint Services Assets, and their respective approximate book values as of December 31, 1999 are as set forth on Attachment A to this Agreement. The parties further agree that they will not acquire any further Joint Services Assets without the written agreement of each other.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

FORWARD AIR CORPORATION

By: /s/ Edward W. Cook

Title: CFO

LANDAIR CORPORATION

By: /s/ C. Tim Roach

Title: President/COO

ATTACHMENT A

ASSETS TO BE ALLOCATED
DECEMBER 31, 1999

FORWARD AIR

<TABLE>
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Service	NBV	Allocation Methodology
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Accounts Payable	$ 11,000 *	Based upon number of checks processed
Payroll	199,000	Based upon number of employees
Human Resources and Benefit Plan Administration	7,000 *	Based upon number of employees
Settlement	7,000 *	Based upon number of owner-operators
Accounting	52,000	50% to Landair and Forward Air
Legal	2,000 *	50% to Landair and Forward Air
General Administration	97,000	50% to Landair and Forward Air
Information Technology	987,000	50% to Landair and Forward Air
Corporate Headquarters Leasehold Improvements	115,000	50% to Landair and Forward Air

LANDAIR

Safety	57,000
Licensing/Permitting/Fuel Tax	44,000
Insurance/Claims	17,000 *
Recruiting/Retention	7,000 *
Training Center	2,000 *

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*Due to the immateriality of the amounts involved, no allocation of assets is proposed for cost centers under $25,000.

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FORWARD AIR CORPORATION CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) FOR MARCH 31, 2000 AND CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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