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, 2001
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 30, 2001 was 21,533,923.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Forward Air Corporation

Condensed Consolidated Balance Sheets

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<S>	March 31, 2001 (Unaudited) <C>	December 31, 2000 (Note 1) <C>
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 22,109	$ 15,589
Accounts receivable, less allowance of $1,044 in 2001 and $1,184 in 2000	32,028	33,617
Other current assets	3,688	5,719
Total current assets	57,825	54,925
Property and equipment	65,145	64,120
Less accumulated depreciation and amortization	(20,043)	(19,059)
	45,102	45,061
Other assets	18,573	15,982
Total assets	$ 121,500	$ 115,968
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,602	$ 9,730
Accrued expenses	10,878	8,425
Current portion of long-term debt	501	532
Current portion of capital lease obligations	450	446
Total current liabilities	18,431	19,133
Long-term debt, less current portion	780	2,784
Capital lease obligations, less current portion	4,377	4,448
Deferred income taxes	6,724	6,150

Shareholders' equity:		
Preferred stock	--	--
Common stock, $.01 par value:		
Authorized shares - 50,000,000		
Issued and outstanding shares - 21,533,932 in 2001 and 21,311,799 in 2000	215	213
Additional paid-in capital	42,146	40,578
Retained earnings	48,827	42,662
Total shareholders' equity	91,188	83,453
Total liabilities and shareholders' equity	$ 121,500	$ 115,968

</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, 2001	Three months ended March 31, 2000
	(In thousands, except per share data)	
<S>	<C>	<C>
Operating revenue	$60,723	$ 49,407
Operating expenses:		
Purchased transportation	26,031	21,196
Salaries, wages and employee benefits	14,168	11,434
Operating leases	2,631	2,569
Depreciation and amortization	1,799	1,373
Insurance and claims	1,267	806
Other operating expenses	5,031	4,658
	50,927	42,036
Income from operations	9,796	7,371
Other income (expense):		
Interest expense	--	(83)
Other, net	194	141
	194	58
Income before income taxes	9,990	7,429
Income taxes	3,825	2,840
Net income	$ 6,165	$ 4,589
Income per share:		
Basic	$ 0.29	$ 0.22
Diluted	$ 0.28	$ 0.21

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Condensed Consolidated Statements of Cash Flows

(Unaudited)

<TABLE>
<CAPTION>

	Three months ended	
	March 31, 2001	March 31, 2000
	(In thousands)	
<S>	<C>	<C>
Cash provided by operations	$ 11,600	$ 6,199
Investing activities:		
Proceeds from disposal of property and equipment	325	27
Purchases of property and equipment	(1,756)	(1,461)
Acquisition of business	(2,691)	--
Other	(94)	25
Net cash used in investing activities	(4,216)	(1,409)
Financing activities:		
Payments of long-term debt	(2,035)	(1,171)
Payments of capital lease obligations	(67)	(121)
Proceeds from exercise of stock options	1,238	630
Net cash used in financing activities	(864)	(662)
Increase in cash and cash equivalents	$ 6,520	$ 4,128

</TABLE>

See notes to condensed consolidated financial statements.

Forward Air Corporation

Notes to Condensed Consolidated Financial Statements
(Unaudited)
March 31, 2001

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, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. 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, 2000.

The balance sheet at December 31, 2000 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 2001 or 2000 and, accordingly, comprehensive income is equivalent to net income.

3. NET INCOME PER SHARE

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, 2001	March 31, 2000
Numerator:		
Numerator for basic and diluted income per share - net income	$ 6,165	$ 4,589
Denominator:		
Denominator for basic income per share - weighted-average shares	21,437	20,783
Effect of dilutive stock options	866	1,293
Denominator for diluted income per share - adjusted weighted-average shares	22,303	22,076
Basic income per share	$ 0.29	$ 0.22
Diluted income per share	$ 0.28	$ 0.21

</TABLE>

4. INCOME TAXES

For the three months ended March 31, 2001 and 2000, 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. COMMITMENTS AND 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.

6. ACQUISITION OF BUSINESS

In January 2001, the Company acquired certain assets of Expedited Delivery Services, Inc. ("Expedited"), a deferred air freight contractor to the air cargo industry based in Dallas, Texas. The Company paid approximately $2.7 million in cash for certain assets of Expedited, including approximately $930,000 of capitalized direct and/or out-of-pocket expenses related to the acquisition. The acquisition was accounted for as a purchase and the excess cost over fair value of the net assets acquired is being amortized on a straight-line basis over a fifteen-year period. The allocation of the purchase price resulted in a tentative allocation of $3.0 million to goodwill. The results of operations for the acquired business are included in the consolidated statements of income from the acquisition date forward.

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, 2001	March 31, 2000
<S>	<C>	<C>
Operating revenue	100.0%	100.0%
Operating expenses:		
Purchased transportation	42.9	42.9
Salaries, wages and employee benefits	23.3	23.1
Operating leases	4.3	5.2
Depreciation and amortization	3.0	2.8
Insurance and claims	2.1	1.6
Other operating expenses	8.3	9.5
	83.9	85.1
Income from operations	16.1	14.9
Other income (expense):		
Interest expense	--	(0.2)
Other, net	0.3	0.3
	0.3	0.1
Income before income taxes	16.4	15.0
Income taxes	6.2	5.7

Net income	10.2%	9.3%

</TABLE>

Three Months Ended March 31, 2001 compared to Three Months Ended March 31, 2000

Operating revenue increased by $11.3 million, or 22.9%, to $60.7 million in the first quarter of 2001 from $49.4 million in the same period of 2000. This increase resulted primarily from increased volume from domestic and international air cargo customers due, in part, to the

Dedicated Transportation Services, Inc. ("DTSI") acquisition completed in December 2000; 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 2001 and 2000.

Salaries, wages and employee benefits were 23.3% of operating revenue in the first quarter of 2001 compared to 23.1% in the same period of 2000. The increase in salaries, wages and employee benefits as a percentage of operating revenue was attributed primarily to the wind-down of the LogTech Corporation operations and higher medical insurance costs in the first quarter of 2001 compared to the same period of 2000.

Operating leases, the largest component of which is terminal rent, were 4.3% of operating revenue in the first quarter of 2001 compared to 5.2% in the same period of 2000. The decrease in operating leases as a percentage of operating revenue was attributable to increased leverage resulting from increased operating revenue coupled with a decrease in rent expense for operating equipment during the first quarter of 2001 compared to the same period in 2000.

Depreciation and amortization expense as a percentage of operating revenue was 3.0% in the first quarter of 2001, compared to 2.8% in the same period of 2000. The increase in depreciation and amortization expense as a percentage of revenue was attributable to additional goodwill amortization resulting from the DTSI and Expedited acquisitions coupled with increased ownership, rather than leasing, of operating equipment during the first quarter of 2001 compared to the same period in 2000. The increase was partially offset by increased utilization of operating equipment during 2001 as compared to the same period in 2000.

Insurance and claims as a percentage of revenue were 2.1% of operating revenue in the first quarter of 2001, compared with 1.6% in the same period of 2000. The increase was due primarily to an increase in the frequency and severity of accidents during the first quarter of 2001.

Other operating expenses were 8.3% of operating revenue in the first quarter of 2001 compared to 9.5% in the same period of 2000. 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 $2.4 million, or 32.9%, to $9.8 million for the first quarter of 2001 compared to $7.4 million for the same period in 2000. 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.

Net interest expense was $-0- in the first quarter of 2001 compared to $83,000, or 0.2%, for the same period in 2000. The decrease in interest expense was due to lower average net borrowings during the first quarter of 2001 compared to the prior-year period coupled with increased capitalization of interest costs relating to the development of internal-use software during the first quarter of 2001 compared to the same period in 2000.

Other income, net was $194,000, or 0.3% of operating revenue, in the first quarter of 2001, compared to $141,000, or 0.3%, for the same period in 2000. 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 2001.

The combined federal and state effective tax rate for the first quarter of 2001 was 38.3% compared to a rate of 38.2% for the same period in 2000.

As a result of the foregoing factors, net income increased by $1.6 million, or 34.3%, to $6.2 million for the first quarter of 2001, compared to $4.6 million for the same period in 2000.

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 $11.6 million for the three months ended March 31, 2001, compared with $6.2 million in the same period of 2000.

Net cash used in investing activities was approximately $4.2 million in the three months ended March 31, 2001 compared with $1.4 million in the same period of 2000. Investing activities consisted primarily of the Expedited acquisition in January 2001, and the purchase of operating equipment and management information systems during the three months ended March 31, 2001 and 2000.

Net cash used in financing activities totaled approximately $864,000 in the three months ended March 31, 2001 compared with $662,000 in the same period of 2000. 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 facility consists of a working capital line of credit. As long as the Company complies with the financial covenants and ratios, the credit facility permits it to borrow up to $20.0 million. Interest rates for advances under the facility vary based on how the Company's performance measures against covenants related to total indebtedness, cash flows, results of operations and other ratios. The facility bears interest at LIBOR plus 1.00% to 1.90%, expires in April 2002 and is secured by accounts receivable. 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, 2001, the Company had no borrowings outstanding under the line of credit 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.

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

(1) Exhibits - None

(2) Reports on Form 8-K - The Company filed a report on Form 8-K on January 9, 2001 in connection with the January 3, 2001 purchase by Forward Air, Inc. of certain of the air cargo operating assets of Expedited Delivery Services, Inc.

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 14, 2001 By: /s/ Andrew C. Clarke

Andrew C. Clarke
Chief Financial Officer and Senior
Vice President