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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Landair Services, Inc.

Condensed Consolidated Balance Sheets

<TABLE>  
<CAPTION>

	March 31, December 31,	
	1998	1997
	-----	
	(Unaudited)	(Note)
	(In thousands, except share data)	
	<C>	<C>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,164	\$ 686
Accounts receivable, less allowance of \$1,111 in 1998 and \$928 in 1997	28,998	28,771
Other current assets	8,560	6,372
	-----	
Total current assets	38,722	35,829
Property and equipment	120,446	115,130
Less accumulated depreciation and amortization	38,272	35,933
	-----	
	82,174	79,197
Other assets	3,367	3,305
	-----	
Total assets	\$124,263	\$118,331
	=====	

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 4,040	\$ 5,126
Accrued expenses	14,528	13,730
Current portion of long-term debt	10,475	11,120
Current portion of capital lease obligations	4,030	3,924



Other, net	16	30
	<u>(661)</u>	<u>(651)</u>
Income before income taxes	3,702	1,271
Income taxes	1,461	500
	<u>-----</u>	<u>-----</u>
Net income	\$ 2,241	\$ 771
	<u>=====</u>	<u>=====</u>
Net income per share:		
Primary	\$ .37	\$ .13
	<u>-----</u>	<u>-----</u>
Diluted	\$ .35	\$ .13
	<u>-----</u>	<u>-----</u>
Dividends declared per share	--	--
	<u>=====</u>	<u>=====</u>

</TABLE>

See notes to condensed consolidated financial statements.

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Landair Services, Inc.

Condensed Consolidated Statements of Cash Flows  
(Unaudited)

<TABLE>  
<CAPTION>

	Three months ended	
	March 31,	March 31,
	1998	1997
	<u>-----</u>	
	(In thousands)	
<S>	<C>	<C>
Cash from operations	\$ 3,458	\$ 3,091
Investing activities:		
Proceeds from disposal of property and equipment	521	106
Purchases of property and equipment	(6,635)	(4,967)
Other	(106)	(23)
	<u>-----</u>	<u>-----</u>
	(6,220)	(4,884)
Financing activities:		
Proceeds from long-term debt	5,733	4,990
Payments of long-term debt	(2,909)	(1,842)
Payments of capital lease obligations	(625)	(845)
Proceeds from exercise of stock options	1,041	--
	<u>-----</u>	<u>-----</u>
	3,240	2,303
	<u>-----</u>	<u>-----</u>
Increase in cash and cash equivalents	\$ 478	\$ 510
	<u>=====</u>	<u>=====</u>

</TABLE>

See notes to condensed consolidated financial statements.

Landair Services, Inc.

Notes to Condensed Consolidated Financial Statements  
(Unaudited)  
March 31, 1998

NOTE 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, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the consolidated financial statements and footnotes thereto included in the Landair Services, Inc. annual report on Form 10-K for the year ended December 31, 1997.

NOTE 2 - INCOME TAXES

For the three months ended March 31, 1998 and 1997, the effective income tax rate varied from the statutory federal income tax rate of 34% primarily as a result of the effect of state income taxes, net of the federal benefit, and permanent differences.

NOTE 3 - EARNINGS PER SHARE

In 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings Per Share. Statement 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is very similar to the previously reported fully diluted earnings per share and uses the treasury stock method in calculating dilution. All earnings per share amounts for all periods have been presented and restated to conform to Statement 128 requirements.

Landair Services, Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

NOTE 3 - EARNINGS PER SHARE (CONTINUED)

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,	March 31,
1998	1997
-----	
<S>	<C>
<C>	<C>

Numerator:

Numerator for basic and diluted

earnings per share - net income	\$2,241	\$ 771
Denominator:		
Denominator for basic earnings per share-weighted-average shares	6,076	5,953
Effect of dilutive stock options	306	101
Denominator for diluted earnings per share-adjusted weighted-average shares	6,382	6,054
Basic net income per share	\$ .37	\$ .13
Diluted net income per share	\$ .35	\$ .13
Securities that could potentially dilute basic net income per share in the future that were not included in the computation of diluted net income per share because to do so would have been antidilutive for the periods presented	--	448

</TABLE>

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Landair Services, Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

NOTE 4 - BUSINESS SEGMENTS

A summary of information about the Company's operations by segment for the three months ended March 31, 1998 and 1997 is as follows (in thousands):

<TABLE>  
<CAPTION>

	Truckload	Forward Air	
	-----	-----	-----
<S>	<C>	<C>	<C>
Three months ended March 31, 1998			
Operating revenue from external customers		\$24,005	\$28,850
Intersegment revenue	1,318	--	
Segment income from operations		1,581	2,782
Three months ended March 31, 1997			
Operating revenue from external customers		\$19,393	\$21,612
Intersegment revenue	1,152	--	
Segment income from operations		156	1,766

A reconciliation of reportable segment income from operations to the Company's consolidated totals is as follows (in thousands):

<TABLE>  
<CAPTION>

	Three months ended	
	March 31,	March 31,
	1998	1997
<S>	<C>	<C>
Total income from operations for reportable segments	\$4,363	\$1,922
Other profit or loss	--	--
Total consolidated income from operations	\$4,363	\$1,922

</TABLE>

There was no material change in total assets by segment, as of March 31, 1998, from the amounts disclosed in the Company's annual report on Form 10-K for the year ended December 31, 1997.

Landair Services, Inc.

Notes to Condensed Consolidated Financial Statements (Unaudited) (Continued)

NOTE 5 - COMMITMENTS AND CONTINGENCIES

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 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.

In connection with the Company's anticipated fuel requirements, the Company periodically enters into forward contracts for the purchase of fuel as deemed appropriate to reduce the risk of future fuel price increases. At March 31, 1998, the Company had commitments to purchase approximately 500,000 gallons of fuel per month through February 1999. The price required to be paid under the forward contracts is not materially different from the current market price at March 31, 1998. The Company is exposed to loss in the event of nonperformance by the other parties to the forward contracts; however, the Company does not anticipate nonperformance by the counterparties.

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

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

<TABLE>  
<CAPTION>

	Three months ended	
	March 31, 1998	March 31, 1997
<S>	<C>	<C>
Operating revenue	100.0%	100.0%
Operating expenses:		
Purchased transportation	32.6	33.9
Salaries, wages, and employee benefits	29.1	28.5
Depreciation and amortization	6.2	6.3
Fuel and fuel taxes	4.2	6.1
Insurance and claims	3.4	3.6
Operating leases	10.2	10.7
Other operating expenses	91.7	95.3
Income from operations	8.3	4.7
Other income (expense):		

Interest expense	(1.3)	(1.7)
Other, net	--	0.1
	(1.3)	(1.6)
Income before income taxes	7.0	3.1
Income taxes	2.8	1.2
Net income	4.2%	1.9%

</TABLE>

#### Results of Operations

Operating revenue increased by \$11.9 million, or 29%, to \$52.9 million in the first quarter of 1998 from \$41.0 million in 1997.

Purchased transportation was 32.6% of operating revenue in the first three months of 1998 compared to 33.9% in 1997. The decrease in purchased transportation as a percentage of operating revenue between periods was primarily attributable to a reduction in the ratio of owner- operator to Company-operated equipment in 1998. During the first three months of 1998 and 1997, approximately 40.1% and 41.9% of the Company's total average tractors in service were contracted through owner-operators.

Salaries, wages and benefits were 29.1% of operating revenue in the first three months of 1998 compared to 28.5% in 1997. The increase as a percentage of operating revenue in 1998 was due

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primarily to higher cargo handling wages and terminal managers' salaries required to operate additional terminals and greater operating volumes in the Company's Forward Air operations combined with an increase in the ratio of Company-operated to owner-operator equipment. These factors were partially offset by increased utilization of Company-operated equipment during the first three months of 1998 compared to 1997.

Depreciation and amortization expense as a percentage of operating revenue was 6.0% in the first quarter of 1998, compared to 6.2% in 1997. The improvement in depreciation and amortization expense as a percentage of operating revenue is primarily attributed to increased utilization of operating assets partially offset by additional depreciation and amortization as a result of a higher ratio of Company-operated to owner-operator equipment during the first three months of 1998 compared to the prior year.

Fuel and fuel taxes were 6.2% of operating revenue in the first quarter of 1998, compared to 6.3% in 1997. The decrease in fuel and fuel taxes as a percentage of operating revenue during 1998 resulted from a lower average fuel price per gallon coupled with improvements in the average miles per gallon and average revenue per loaded mile of the Company-operated tractor fleet. The increase in fuel and fuel taxes as a percentage of operating revenue during 1998 was also attributed to an increase in the ratio of Company-operated to owner-operator equipment.

Insurance and claims were 4.2% of operating revenue for the three months ended March 31, 1998, compared with 6.1% in 1997. The decrease in insurance and claims expense as a percentage of operating revenue is due primarily to a decrease in the severity of accidents and lower premium costs during the first quarter of 1998 compared with 1997.

Operating leases were 3.4% of operating revenue in the first quarter of 1998, compared to 3.6% in 1997. The decrease in operating lease expense as a percentage of operating revenue is attributed to increased utilization of leased operating equipment and facilities.

Other operating expenses were 10.2% of operating revenue in the first quarter of



1998 compared to 10.7% in 1997. The decrease in 1998 as a percentage of operating revenue is attributed to both a reduced operating cost structure and improvements in utilization levels in the Company's operations.

The effective tax rate for the first quarter of 1998 was 39.5% compared to 39.0% for 1997.

Forward Air Segment - Operating revenue in the Company's Forward Air operations increased by \$7.2 million, or 33%, during the first three months of 1998 over the prior-year quarter and represented approximately 54.6% and 52.7% of the Company's total operating revenue for these periods, respectively. Operating revenue increases in the Forward Air operations resulted from increasing the number of operating terminals, enhancements to the Forward Air network and greater volume from domestic and international air cargo customers. The operating revenue increase in 1998 is also partially attributed to the acquisition on October 27, 1997 of the air cargo operating assets of Adams Air Cargo, Inc.

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Forward Air income from operations increased by \$1.0 million during the first three months of 1998 over the prior-year quarter. The increase in income from operations resulted from higher operating revenue, which was reduced in part by the incremental costs associated with such revenue.

Truckload Segment - Operating revenue in the Company's Truckload operations increased by \$4.8 million, or 23%, during the first three months of 1998 over the prior-year quarter. The operating revenue increase in the Truckload operations resulted primarily from increases in equipment utilization, yield and additional tractors in service. During the first three months of 1998 and 1997, the average tractors in service utilized by the Truckload operations, including owner-operators, were 780 and 695, respectively.

Truckload income from operations increased by \$1.4 million during the first three months of 1998 over the prior-year quarter. The increase in income from operations in 1998 was due mainly to a lower operating cost ratio resulting from an increase in equipment utilization and yield during the year.

#### Liquidity and Sources of Capital

Cash flows from operations were \$3.5 million for the first three months of 1998 compared with \$3.1 million in the same period of 1997. The \$400,000 increase in cash flows from operations was principally attributable to increased business volumes and collection of the related accounts receivable.

Management believes available borrowing under existing lines of credit, future borrowing under installment notes for revenue equipment, and cash generated by operations will be sufficient to fund the Company's cash needs and anticipated capital expenditures over the near term.

#### Recent Developments

On February 10, 1998, the Company's Board announced it had authorized the creation of a special committee of independent directors to consider a plan to separate the Company into two publicly-traded companies, one comprised of the Truckload operations, and the other the Forward Air operations. There can be no assurance as to whether any such transaction will occur or as to the timing or terms of any such transaction. Under the plan currently being considered, the transaction would be structured as a tax-free spin-off, subject, among other things, to the receipt of a ruling as to tax-free status from the Internal Revenue Service.

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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

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

The following exhibits are included herein:

- (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, 1998.

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.

Landair Services, Inc.

Date: May 8, 1998

By: /s/ Edward W. Cook

-----  
Edward W. Cook  
Chief Financial Officer  
and Senior Vice President

EXHIBIT INDEX

<TABLE>  
<CAPTION>

Exhibit Number -----	Exhibit -----
<S>	<C>
10.1	\$15,000,000 Restated, Amended and Replacement Promissory Note (Line of Credit), dated as of January 30, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc. and Forward Air, Inc.
10.2	Third Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement, dated as of January 30, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc., and Forward Air, Inc.
10.3	\$15,000,000 Restated, Amended and Replacement Promissory Note (Equipment Loan), dated as of January 30, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc. and Forward Air, Inc.
10.4	Sixth Amendment to Loan and Security Agreements, dated as of January 30, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc. and Forward Air, Inc.
10.5	Seventh Amendment to Loan and Security Agreements, dated as of January 30, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc. and Forward Air, Inc.
10.6	Eighth Amendment to Loan and Security Agreements, dated as of February 24, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc. and Forward Air, Inc.
10.7	Ninth Amendment to Loan and Security Agreements, dated as of March 24, 1998, among First Tennessee Bank National Association, the registrant, Landair Transport, Inc., Landair International Airlines, Inc., Transportation Properties, Inc. and Forward Air, Inc.

</TABLE>

<TABLE>  
<CAPTION>

Exhibit Number -----	Exhibit -----
<S>	<C>
27.1	Financial Data Schedule - Period Ended March 31, 1998 (Electronic Filing Only)
27.2	Financial Data Schedule (Restated) - Year Ended December 31, 1996 (Electronic Filing Only)
27.3	Financial Data Schedule (Restated) - Period Ended June 30, 1997 (Electronic Filing Only)

27.4 Financial Data Schedule (Restated) - Period Ended September 30, 1997  
(Electronic Filing Only)  
</TABLE>

Exhibit 10.1

RESTATED, AMENDED AND REPLACEMENT  
PROMISSORY NOTE  
(LINE OF CREDIT)

\$15,000,000.00

Greeneville, Tennessee  
As of January 30, 1998

FOR VALUE RECEIVED, the undersigned, each a Tennessee corporation, jointly and severally promise to pay to the order of FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association having offices for the conduct of business in Greene County, Tennessee (the "Bank") at its place of business in Greeneville, Tennessee, with the mailing address of "206 North Main Street, Greeneville, TN 37745, ATTN: Larry Estep," or at such other place as the holder hereof may designate in writing, in current local funds, the sum of Fifteen Million Dollars (\$15,000,000.00), or so much thereof as may be advanced by the Bank in accordance with the terms and provisions of the Credit Agreement, plus interest thereon or on so much as shall remain outstanding from time to time, as set out below. This Note is referred to as the "Line Note" in the Credit Agreement.

This Note is made in replacement of a Fifteen Million Dollar (\$15,000,000.00) restated, amended and replacement promissory note made as of January 28, 1997, by the undersigned and payable to the order of the Bank, which was made in replacement of a Fifteen Million Dollar (\$15,000,00.00) restated, amended and replacement promissory note made as of May 31, 1995, by the undersigned Landair Services, Inc. and guaranteed by the other undersigned makers, payable to the order of the Bank, the outstanding principal amount of which is Ten Million Nine Hundred Sixty Thousand Three Hundred Seventy-Three and 09/100 Dollars (\$10,960,373.09) as of this day (the "Original Principal"). Accordingly, the amount of principal available to be drawn or further reserved under this Note in accordance with the provisions of the Credit Agreement is Four Million Thirty-Nine Thousand Six Hundred Twenty-Six and 91/100 Dollars (\$4,039,626.91) as of this day. The Original Principal includes the face amount of irrevocable letters of credit issued by the Bank for the account and benefit of the undersigned in the aggregate amount of Eight Million One Hundred Four Thousand One Hundred Ninety Dollars (\$8,104,190.00).

**INTEREST ACCRUAL:** Except during any period during which a default interest rate shall be applicable as described below, interest shall accrue at the variable rate per annum, rounded upward, if necessary, to the nearest Basis Point (the "Variable Rate"), equal to the LIBOR Rate plus one hundred thirty-five (135) Basis Points expressed on a per annum basis with respect to the Original Principal and with respect to all other principal indebtedness advanced by the Bank hereunder. Each change in the Variable Rate that results from a change in the LIBOR Rate shall become effective on each adjustment date which shall occur on the first day of each month commencing February 1, 1998. Interest shall be calculated based upon and computed on a three hundred sixty (360) day year.

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**INTEREST AND PRINCIPAL PAYMENTS:** The undersigned shall make payments of principal and interest as follows: one single principal payment of the balance due on or before May 31, 1999, plus interest payable beginning February 10, 1998, and continuing on the same day of each successive monthly calendar period, except that the final interest installment shall be payable on the date the principal is due. All unpaid principal and interest evidenced hereby shall be due and payable on the maturity date hereof, which shall be May 31, 1999.

**LIBOR RATE DEFINITIONS:** As used in this Note, the following terms shall have the following meanings:

(a) Basis Point: One-hundredth (1/100) of one percent (1.0%) per annum.

(b) Business Day: Any day other than a Saturday, Sunday, holiday or other day on which state-chartered commercial banking institutions in Greeneville, Tennessee are authorized by law to be closed.

(c) LIBOR Business Day: A Business Day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Bank in its sole discretion acting in good faith.

(d) LIBOR Interest Period: With respect to the Original Principal and with respect to all other principal indebtedness advanced by the Bank hereunder, one (1) month periods, each period commencing on the date of Bank's funding or on the last day of the preceding applicable period, as the case may be; provided that the foregoing provisions relating to LIBOR Interest Period are subject to the following:

(i) if any LIBOR Interest period would otherwise end on a day that is not a LIBOR Business Day, that LIBOR Interest Period shall be extended to the next succeeding LIBOR Business Day unless the results of such extension would be to carry such LIBOR Interest Period into another calendar month, in which event such LIBOR Interest Period shall end on the immediately preceding LIBOR Business Day;

(ii) any LIBOR Interest Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Interest Period) shall end on the last LIBOR Business Day of a calendar month; and

(iii) any LIBOR Interest Period that would otherwise extend beyond the maturity of this Note shall end on the maturity date of this Note.

(e) LIBOR Rate: During any LIBOR Interest Period, an interest rate per annum equal to the quotient (converted to a percentage) of (i) the rate per annum as determined and calculated by the Bank at or about 9:00 o'clock A.M. (Eastern Time) (or as soon thereafter as practicable) on the second Business Day prior to the first day of each LIBOR Interest Period, to be the average of interbank offered rates for dollar deposits in the London market based on quotations at five (5) major banks, for thirty (30) days or one (1) month deposits, as most recently published in the Wall Street Journal, "Money Rates Section" under the category "London Interbank Offered Rates (LIBOR)," divided by (ii) 1.00 minus the LIBOR Reserve Requirement (as defined below), expressed as a decimal, for such LIBOR Interest Period. If such rate ceases to be published in the Wall Street Journal, the LIBOR Rate shall be the London Rate Eurodollar 30-day or One Month Index as published in the Wall Street Journal. "LIBOR Reserve Requirement" shall mean for any day during a LIBOR Interest Period, that percentage which is specified by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any marginal reserve requirement) for the Bank with respect to liabilities consisting of or including "Eurocurrency liabilities" (as defined in Regulation D of the

Board of Governors of the Federal Reserve System) with a maturity equal to such LIBOR Interest Period. In determining the percentage, the Bank may use any reasonable averaging and attribution methods. Each determination by Bank of a LIBOR Rate or of the LIBOR Reserve Requirement used in determining same shall be conclusive and binding, absent manifest error.

SECURITY: This Note is secured by a lien on accounts receivable and certain other property described in an Amended and Restated Security Agreement dated October 17, 1994, as amended by instruments dated May 31, 1995, January 28, 1997, and of even date herewith (collectively, the "Security Agreement") among the Bank and the undersigned, corresponding UCC Financing Statements, and guaranty agreements of certain of the undersigned.

OTHER TERMS AND CONDITIONS: Unless otherwise provided herein, all payments shall be applied first to pay the accrued interest to date on the unpaid balance and next to the unpaid principal of the indebtedness.

All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Credit Agreement.

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Any payment not made when due hereunder (whether by acceleration or otherwise) shall bear interest at the "default rate" which is herein calculated as the lesser of the Bank's Base Rate plus four percent (4.0%) per annum or the maximum effective contract rate of interest which the Bank may lawfully charge on the date such payment became due. As used herein, the Bank's "Base Rate" is the base commercial rate of interest established from time to time by the Bank and which need not be the lowest rate of interest then available to its best commercial customers.

If this Note is placed in the hands of an attorney for collection, by suit or otherwise, or to protect any security given for its payment, or to enforce its collection, the undersigned will pay all the costs of collection and litigation, together with a reasonable attorney's fee, all of which shall be secured by any collateral pledged as security hereof.

The makers and any endorsers or guarantors hereof waive protest, demand, presentment, and notice of dishonor, and agree that this Note may be extended, in whole or in part, without limit as to the number of such extensions, or the period or periods thereof, and without notice to or further assent from them or any other party liable hereon, all of whom will remain bound upon this Note notwithstanding any such extension(s); and further agree that all or any collateral given, now or hereafter, as security herefor may be released (with or without substitution) without notice and without affecting their liability hereon; and that additional makers, endorsers, guarantors, or sureties may become parties hereto and that any present or future party may be released from liability hereunder, without notice, and without affecting the liability of any other maker, endorser, or guarantor.

This Note is issued and executed pursuant to and in connection with a Line of Credit Loan Agreement dated October 17, 1994, as amended by instruments dated May 31, 1995, January 28, 1997, and of even date herewith among the Bank and the undersigned (collectively, the "Credit Agreement"), and the holder hereof is entitled to the benefits of such Credit Agreement and may disburse loan proceeds and may exercise the remedies and rights provided therein, all in accordance with the terms of the Credit Agreement. In connection with the immediately preceding sentence, this Note evidences a revolving credit loan and, provided that no event of default hereunder as described in the next paragraph hereof exists, the undersigned may borrow, repay and reborrow at any time, and from time to time, as provided in the Credit Agreement.

In the event of any default in the prompt and punctual payment, when due, of this Note (or any installment hereof, whether of principal, interest, or principal and interest), which default continues for ten (10) days after the due

date of such payment (provided that no more than two [2] payments in any twelve (12) month period shall be thus in default for ten [10] days), or if any of the makers or any guarantor hereof should become insolvent (as defined in the Uniform Commercial Code), or if a petition in bankruptcy be filed by or against any of the makers or any guarantor, or if a receiver be appointed for any part of the property or assets of any of the makers or any guarantor, or if any assignment for the benefit of creditors be made by any of the makers or any guarantor, or if a judgment be entered against any of the makers or any guarantor, or upon the issuance of any writ, levy, or process, valid or invalid, which purports to restrict any of the makers or any guarantor with respect to any of its or their funds or property on deposit with or in the possession or custody or under the control of the Bank, or upon the dissolution, either

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voluntary or involuntary, of any of the makers or any guarantor, or in the event of any default in the prompt and punctual payment when due, of any other indebtedness or obligation to the Bank owed, now or hereafter, by any of the makers or any guarantor (including, but not limited to, the Master Draw Note), or upon any default in any security agreement, assignment or other security document given, now or hereafter, to secure the indebtedness evidenced hereby, or if any representation or warranty made by any of the undersigned, by any guarantor or any of their officers or shareholders pertaining to this credit shall prove to be false, untrue, or materially misleading, or upon any other default under or described in the Security Agreement, the Credit Agreement or any other document executed in connection herewith or therewith, then and in any of such events, the entire principal and interest of this Note shall, without notice or demand for payment (the same being expressly waived), be and become immediately due and payable for all purposes, at the option of the Bank. Any conflict between the provisions of this paragraph and the provisions of the Credit Agreement concerning notice and cure periods shall be resolved in favor of the provisions of the Credit Agreement.

Upon the occurrence of a default hereunder (as described in the immediately preceding paragraph or otherwise) for which the holder hereof does not accelerate the indebtedness evidenced hereby pursuant to the provisions of the immediately preceding paragraph and for which the applicable default rate(s) of interest set forth above is not being charged, including the failure of the undersigned or any guarantor to provide the financial statements as required under the Credit Agreement, the applicable interest rate set forth herein, for a period beginning three (3) days after written notice of such event of default is provided by the holder hereof to the undersigned and ending upon the curing of said noticed event of default, shall increase one percent (1.0%) for the first thirty (30) days of said event of default and increase an additional one percent (1.0%) during each thirty (30) day period thereafter during which the noticed event of default continues. Such default interest rates (in the immediately preceding sentence) shall apply to the outstanding principal balance of this Note; provided, however, that such interest rate shall not exceed the "default rate" as such phrase is defined on page 3 of this Note. Upon the curing of the noticed event of default, the interest rate hereunder shall revert to the initially agreed upon interest rate, effective on the date on which the event of default is cured.

Any money or other property at any time in the possession of the Bank belonging to any of the makers or any guarantor and any deposits or other sums at any time credited by or due from the Bank to any party liable hereon, may at all times, at the option of the Bank, be held and treated as collateral security for the payment of this Note or any other liability of any of the makers or any guarantor, whether due or not due. The Bank may, at any time upon the occurrence of an event of default hereunder and/or under the Security Agreement, the Credit Agreement or any other document executed in connection herewith or therewith (which continues beyond applicable grace, notice and cure periods), at its option, and without further notice, set off the amount due or to become due hereon against the claim of any of the makers against the Bank.

Regardless of any provisions contained herein, or in any other document executed in connection herewith, the holder hereof shall never be entitled to receive, collect, or apply as interest hereon, any amount in excess of the maximum



contract rate which may be lawfully charged by the holder hereof under applicable law, and in the event the holder hereof ever receives, collects, or applies

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as interest, any such excess, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such; and, if the principal hereof is paid in full, any remaining excess shall forthwith be paid to the undersigned. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the maximum lawful contract rate, the undersigned and the holder hereof shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as a reasonable loan charge, rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate, and spread, in equal parts, the total amount of interest throughout the entire contemplated term hereof, so that the interest accrued or to accrue throughout the entire term contemplated hereby shall at no time exceed the maximum lawful contract rate.

This Note may be prepaid, in whole or in part, without premium or penalty. Any such prepayment shall be applied first to interest accrued on the outstanding principal balance and currently due and payable, and the remainder, if any, shall be applied to reduce the outstanding principal balance of this Note. Any such partial prepayment shall not have the effect of suspending or deferring the payments herein provided for, but the same shall continue to be due and payable on each due date subsequent to such prepayment.

THE UNDERSIGNED HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING HEREUNDER OR UNDER THE CREDIT AGREEMENT, THE SECURITY AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE, THE CREDIT AGREEMENT, THE SECURITY AGREEMENT, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING; AND THE UNDERSIGNED HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THE CREDIT AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE UNDERSIGNED TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

This Note is to be governed by and interpreted in accordance with the laws of the State of Tennessee, except to the extent that greater rights and/or privileges are granted to the holder hereof under federal law, in which case federal laws shall control.

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LANDAIR SERVICES, INC.

By: \_\_\_\_\_  
Scott M. Niswonger,  
President

ATTEST:

\_\_\_\_\_

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_  
Eddie R. Brown,  
President

ATTEST:

\_\_\_\_\_

LANDAIR INTERNATIONAL AIRLINES,  
INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

ATTEST:

\_\_\_\_\_

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TRANSPORTATION PROPERTIES, INC.  
previously known as "Landair  
Properties, Inc.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

ATTEST:

\_\_\_\_\_

FORWARD AIR, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

ATTEST:

\_\_\_\_\_

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Exhibit 10.2

THIRD AMENDMENT TO LINE OF CREDIT LOAN AGREEMENT AND  
TO AMENDED AND RESTATED SECURITY AGREEMENT

THIS THIRD AMENDMENT TO LINE OF CREDIT LOAN AGREEMENT AND TO AMENDED AND RESTATED SECURITY AGREEMENT is made and entered into as of the 30th day of January, 1998, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association ("Bank"), LANDAIR SERVICES, INC., a Tennessee corporation ("Borrower"), LANDAIR TRANSPORT, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LTI"), LANDAIR INTERNATIONAL AIRLINES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LIA"), TRANSPORTATION PROPERTIES, INC., previously known as "Landair Properties, Inc.," a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LPI"), and FORWARD AIR, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("FAI").

RECITALS

A. Bank and Borrower, LTI, LIA, LPI AND FAI (Borrower, LTI, LIA, LPI and FAI sometimes referred to herein collectively as the "Borrowing Entities") have entered into that certain Line of Credit Loan Agreement dated as of October 17, 1994, providing for a loan in the amount of Five Million Five Hundred Thousand Dollars (\$5,500,000.00) (the "Original Loan"), to fund operating expenses and to cover any advances under letters of credit issued for the benefit of creditors of the Borrowing Entities, and relating to Inventory and other property of the Borrowing Entities (the "Original Loan Agreement").

B. Bank made the Original Loan to Borrower pursuant to various loan documents, among them a promissory note dated as of October 17, 1994, in the original principal amount of Five Million Five Hundred Thousand Dollars (\$5,500,000.00) (the "Master Draw Note"), an amended and restated security agreement securing the obligations of the Borrowing Entities with respect to the Original Loan dated as of October 17, 1994, under which a security interest was and is granted in the Collateral (the "Original Security Agreement"), and the Original Loan Agreement.

C. Bank and the Borrowing Entities extended the maturity date set forth in the Master Draw Note, increased the principal indebtedness which was able to be drawn with respect to the aforesaid line of credit facility, and modified other terms and provisions set forth in the Master Draw Note, in the Original Loan Agreement and in the Original Security Agreement, by instruments dated as of May 31, 1995. Such modifications to the Master Draw Note and the outstanding indebtedness evidenced thereby were, as of May 31, 1995, set forth in and evidenced by that certain Restated, Amended and Replacement Promissory Note (the "Initial Replacement Note") dated as of May 31, 1995, executed by Borrower, payable to the order of Bank, and in the

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original principal amount of Fifteen Million Dollars (\$15,000,000.00) (the "Amended Loan"). Such modifications to the Original Loan Agreement and to the Original Security Agreement were set forth in that certain First Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement (the "First Amendment") dated as of May 31, 1995, executed by the Borrowing Entities and Bank.

D. Bank and the Borrowing Entities extended the maturity date set forth in the Initial Replacement Note and modified other terms and provisions set forth in the Initial Replacement Note and in the Original Loan Agreement and the Original Security Agreement, as amended by the First Amendment, by instruments dated as of January 28, 1997. Such modifications to the Initial Replacement Note and the outstanding indebtedness evidenced thereby were, as of

January 28, 1997, set forth in and evidenced by that certain Restated, Amended and Replacement Promissory Note (the "Second Replacement Note") dated as of January 28, 1997, executed by the Borrowing Entities, payable to the order of Bank, and in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) (the "New Loan"). Such modifications to the Original Loan Agreement and to the Original Security Agreement, as amended by the First Amendment, were set forth in that certain Second Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement (the "Second Amendment") dated as of January 28, 1997, executed by the Borrowing Entities and Bank.

E. Bank and the Borrowing Entities have agreed to change the interest rate in the Second Replacement Note and to modify other terms and provisions set forth in the Second Replacement Note and in the Original Loan Agreement and the Original Security Agreement, as amended by the First Amendment and the Second Amendment. Such modifications to the Second Replacement Note are set forth in and evidenced by that certain Restated, Amended and Replacement Promissory Note (the "Third Replacement Note") of even date herewith executed by the Borrowing Entities, payable to the order of Bank, and in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) (the "Modified New Loan").

F. Bank and the Borrowing Entities desire (i) that the prompt and punctual payment of the Second Replacement Note, as amended, restated and replaced by the Third Replacement Note, be secured by the Original Loan Agreement and the Original Security Agreement, as amended by the First Amendment and the Second Amendment, in accordance with the terms thereof and hereof, and (ii) to modify certain other provisions of the Original Loan Agreement and of the Original Security Agreement, as amended by the First Amendment and the Second Amendment, as set forth herein.

G. The Second Replacement Note, as amended, restated and replaced by the Third Replacement Note, the Original Loan Agreement and the Original Security Agreement, as amended by the First Amendment and the Second Amendment, the First Amendment, the Second Amendment, this instrument, the Guaranties and all other instruments executed in connection with the Original Loan, the Amended Loan, the New Loan and the Modified New Loan are herein sometimes referred to collectively as the "Loan Documents."

#### TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the agreements set out in this instrument, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. The foregoing RECITALS are agreed to by the parties and incorporated by reference herein.
2. The Borrowing Entities have made and delivered the Third Replacement Note to Bank, and Bank has accepted the same in accordance with the provisions hereof and of the other Loan Documents.
3. The Loan Documents are hereby amended to include the following:
  - (a) The "Commitment Fee" as described and defined in the first sentence in the third full paragraph on page 1 of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall continue to refer to the commitment fee outlined in the commitment letter for the Amended Loan dated May 25, 1995, with respect to future advances under the Third Replacement Note.
  - (b) The "Draw Certificates" form attached as Exhibit D to the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, is replaced with the form attached hereto as Exhibit A.

(c) The "Equipment Note" and the "Master Draw Note" as described and defined in Sections 1.15 and 1.26 of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to the promissory note of the Borrowing Entities of even date herewith, a copy of which is attached hereto as Exhibit B. Similarly, the term "Committed Equipment Loan Amount" in Section 1.26 of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall continue to refer to the principal amount of Fifteen Million Dollars (\$15,000,000.00).

(d) The "Guaranties" as described and defined in Section 1.18 of the Original Loan Agreement and in Recital V of the Original Security Agreement, as amended by the First Amendment, shall continue to refer to those guaranty agreements dated May 31, 1995, copies of which were attached as collective Exhibit C to the First Amendment, which shall remain in full force and effect, it being understood and agreed, however, that the primary obligations of the guarantors under said Exhibit C agreements with respect to the Modified New Loan are as makers of the Third Replacement Note. All obligations of each Borrowing Entity as a "guarantor" under any Guaranty shall include all obligations of each and every Borrowing Entity under the Equipment Note, the Line Note and all documents relating thereto (including this instrument).

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(e) The "Line Note" as described and defined in Section 1.23 of the Original Loan Agreement and which is described and defined as the "Note in Recital II of the Original Security Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to the promissory note of the Borrowing Entities of even date herewith attached hereto as Exhibit C, which evidences the Modified New Loan.

(f) The "Loan Agreement" as described and defined in Section 1.25 of the Original Loan Agreement and in Recital I of the Original Security Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to the Original Loan Agreement, as amended by the First Amendment and the Second Amendment and as further amended by this instrument.

(g) The "Loan" as described and defined in Recital I of the Original Security Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to the Modified New Loan.

(h) The "Security Agreement" as described and defined in Section 1.35 of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to the Original Security Agreement, as amended by the First Amendment and the Second Amendment and as further amended by this instrument.

(i) The "Stated Interest Rate" as described and defined in Section 2.3(a) of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to the lesser of the (1) Maximum Rate, or (2) a rate equal to the LIBOR Rate plus one hundred thirty-five (135) Basis Points expressed on a per annum basis, to be applicable to interest charges for the period of time commencing on February 1, 1998, until the Termination Date. The terms "LIBOR Rate" and "Basis Points" shall have the same meanings as given and afforded to them in the Third Replacement Note.

(j) The "Termination Date" as described and defined in Section 1.36 of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall now refer to May 31, 1999, unless such date is extended pursuant to the provisions of Section 9.12 of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, in which event such extended date shall be the Termination Date.

(k) The date "December 25, 1993" found in Sections 5.3(a) and 5.3(b) of the Original Loan Agreement, as amended by the First Amendment and the Second Amendment, shall continue as changed in the Second Amendment as "December 31, 1996," and Borrower, LTI, LIA, LPI and FAI hereby confirm and

ratify the truth and accuracy of the representations and warranties made by them in said Sections 5.3(a) and 5.3(b), as amended by the First Amendment and the Second Amendment, with such change.

(l) The list of actions, suits and proceedings described in Section 5.5 of the Original Loan Agreement and listed on Exhibit J to the Original Loan Agreement, as amended by

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the First Amendment and the Second Amendment, is hereby supplemented and replaced by Exhibit D attached hereto, and Borrower, LTI, LIA, LPI and FAI hereby confirm and ratify the representations and warranties made by them in said Section 5.5, as amended by the First Amendment and the Second Amendment, with such change.

(m) The amount "Twenty-Nine Million Dollars (\$29,000,000.00)" found in Section 6.8 of the Original Loan Agreement, as amended to "Thirty-One Million Dollars (\$31,000,000.00)" in the First Amendment, shall continue as changed in the Second Amendment as "Forty Million Dollars (\$40,000,000.00) until fiscal year end 1997 for the Borrower," and to a potentially higher (but not lower) number equal to "Forty Million Dollars (\$40,000,000.00) plus seventy-five percent (75%) of after-tax profit in each fiscal year of Borrower thereafter until payment in full of the principal of and interest on the Borrower Loans," and Borrower, LTI, LIA, LPI and FAI hereby confirm and ratify the truth and accuracy of the representations and warranties made by them in said Section 6.8 with such changes.

(n) The amount "Five Hundred Thousand Dollars (\$500,000.00)" found in Section 6.9 of the Original Loan Agreement shall continue as changed in the Second Amendment as "Two Million Five Hundred Thousand Dollars (\$2,500,000.00)," and Borrower, LTI, LIA, LPI and FAI hereby confirm and ratify the truth and accuracy of the representations and warranties made by them in said Section 6.9 with such change.

(o) Section 6.10 of the Original Loan Agreement, as amended by the First Amendment, remains as is, and Borrower, LTI, LIA, LPI and FAI hereby covenant and agree that each of them will, from the date hereof until payment in full of the principal of and interest on the Borrower Loans, maintain the debt-to-equity ratio set forth in the First Amendment and otherwise satisfy their covenants as set forth on Exhibit F to the First Amendment.

(p) Section 6.11 of the Original Loan Agreement remains as is, and Borrower, LTI, LIA, LPI and FAI hereby covenant and agree that each of them will, from the date hereof until payment in full of the principal of and interest on the Borrower Loans, maintain the cash flow coverage ratio set forth in said Section 6.11 of the Original Loan Agreement.

4. The Borrowing Entities each represent and warrant to Bank that the RECITALS set forth above are true and correct in all material respects and all representations and warranties to Bank given by any of them in any one or more of the Loan Documents are true and correct as of the date hereof. Similarly, Borrower, LTI, LIA, LPI and FAI hereby covenant and agree to fulfill all of their obligations and agreements made in the Loan Documents. Each Borrowing Entity agrees to pay directly, or reimburse Bank for, all reasonable expenses, including the reasonable fees and expenses of legal counsel, incurred in connection with the enforcement of any one or more of the Loan Documents and the collection of any amounts owing by any of the Borrowing Entities with respect thereto.

5. Notwithstanding any provisions of the Loan Documents or any prior understanding or agreement of or by any one or more of the Borrowing Entities with Bank, as of

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the date of execution hereof, (a) the obligations of any one or more of the Borrowing Entities under any one or more of the Loan Documents, including the Guaranties, are intended to be secured by all the assets of each of the Borrowing Entities now or hereafter owned by any one or more of the Borrowing Entities and which assets are subject to the granting of a security interest under the laws of the State of Tennessee or any other state where any of the assets of any one or more of the Borrowing Entities may from time to time be located and the federal laws of the United States of America (the "Pledged Assets"), and in furtherance of the foregoing, each of the Borrowing Entities hereby pledges and grants a security interest in all right, title and interest of each of the Borrowing Entities in the Pledged Assets to and in favor of Bank, and (b) each of the Borrowing Entities hereby jointly and severally, agrees to pay and perform each and every obligation of payment and/or performance of any other Borrowing Entity under any one or more of the Loan Documents.

6. Except as specifically modified hereby, the Loan Documents shall remain in full force and effect, and the same are hereby ratified and confirmed by the Borrowing Entities in all respects. In the events of any conflict between any provisions of any one or more of the Loan Documents, the provisions most favorable to Bank shall apply. This instrument is not intended to, and will not, effect a novation of the indebtedness evidenced by the Second Replacement Note outstanding as of the date the Second Replacement Note was amended, restated and replaced by the Third Replacement Note, nor are the liens of the security interests granted under the Original Security Agreement, as amended by the First Amendment and the Second Amendment, intended to be released, altered, or changed in any manner except as specifically stated herein. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Original Loan Agreement, as amended by the First Amendment and the Second Amendment.

7. As an inducement to Bank to make the Modified New Loan, (a) the Borrowing Entities shall deliver, or cause to be delivered, to Bank the following: (i) certified resolutions of the board of directors of each of the Borrowing Entities authorizing this instrument and the other Modified New Loan documents; (ii) an opinion of counsel and/or "certificate of general counsel" and such other documentation, if any, as may be reasonably requested by Bank to satisfy Bank that this instrument and the other Modified New Loan documents have been duly authorized, executed and delivered on behalf of each Borrowing Entity, and constitutes the valid and binding obligation of each of the Borrowing Entities; (iii) appropriate UCC-1 or UCC-3 Financing Statements as necessary to accomplish the purposes of this instrument; and (iv) UCC-11 lien searches as may be required by Bank evidencing no liens or encumbrances on any of the Pledged Assets of any of the Borrowing Entities except liens granted pursuant to the Borrower Loans, and liens or encumbrances, if any, approved by Bank; (b) the Borrowing Entities shall pay directly or reimburse Bank for all fees and expenses, including, but not limited to, any and all filing fees, recording fees, and reasonable expenses and fees of legal counsel, incurred in connection with the preparation and enforcement of this instrument and other Modified New Loan documents; and (c) each Borrowing Entity shall execute and deliver to Bank all further documents and perform all other acts which Bank reasonably shall deem necessary or appropriate to perfect or protect the lien and security interests granted pursuant to the Borrower Loans.

IN WITNESS WHEREOF, this Third Amendment to Line of Credit Loan Agreement and to Amended and Restated Security Agreement has been entered into by the parties hereto as of the day and year first above written.

"BANK"

"BORROWER"

FIRST TENNESSEE BANK NATIONAL  
ASSOCIATION

LANDAIR SERVICES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Scott M. Niswonger,  
President

"LTI"

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_  
Eddie R. Brown,  
President

"LIA"

LANDAIR INTERNATIONAL  
AIRLINES, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"LPI"

TRANSPORTATION PROPERTIES,  
INC. previously known as  
Landair Properties, Inc.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

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"FAI"

FORWARD AIR, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

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#### EXHIBIT A

#### THIRD AMENDED LINE OF CREDIT LOAN DRAW REQUEST

Number: \_\_\_\_\_

Date: \_\_\_\_\_, 19\_\_

Bank: First Tennessee Bank National Association

Borrower: Landair Services, Inc., Landair Transport, Inc., Landair  
International Airlines, Inc., Transportation Properties, Inc.  
previously known as "Landair Properties, Inc.," and Forward  
Air, Inc.



Loan Amount: \$15,000,000.00 Date of Loan: January 30, 1998

Amount Previously  
Advanced or  
Reserved for  
Future Advance \$ \_\_\_\_\_

Amount Remaining  
for Disbursement \$ \_\_\_\_\_

The Borrower requests (a) an advance of \$ \_\_\_\_\_ to be made on \_\_\_\_\_, 19\_\_ for the payment and purposes shown on the attached schedule, or (b) a letter of credit in the face amount of \$ \_\_\_\_\_, to be issued on \_\_\_\_\_, 19\_\_, for the purposes and to the party shown on the attached schedule. To induce the Bank to make the advance or to issue the letter of credit, the undersigned does hereby certify as follows:

1. No Default exists or is imminent.
2. All previous advances and letters of credit have been used strictly in conformity with the loan documents and the representations contained in all prior draw requests.
3. No lien claims are asserted against the property which has been pledged as collateral for the line of credit.
4. All representations and warranties made by the entities constituting the Borrower in the loan documents are true, in all material respects, as if made on this date.

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5. By accepting the advance and/or the issuance of the letter of credit, the Borrower certifies that all statements made in this draw request are true as of the moment of the advance and/or the issuance of the letter of credit.
6. Advance or Letter of Credit amount to be credited to Account No. \_\_\_\_\_.

Loan Amount	\$15,000,000.00
Previous Advances or Reserves for Future Advances	\$ _____
This Advance or Letter of Credit Amount	\$ _____
Total Advances and Letters of Credit Amounts Evidenced by Line of Credit Note	\$ _____
Amount Remaining for Disbursement	\$ _____

DATED: This \_\_\_ day of \_\_\_\_\_, 19\_\_.

"BORROWER":

LANDAIR SERVICES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

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LANDAIR INTERNATIONAL AIRLINES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

TRANSPORTATION PROPERTIES, INC.  
previously known as "Landair  
Properties, Inc."

By: \_\_\_\_\_

Its: \_\_\_\_\_

FORWARD AIR, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

Approved:

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_

Its: \_\_\_\_\_

DATE: \_\_\_\_\_

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Exhibit 10.3

RESTATED, AMENDED AND REPLACEMENT  
PROMISSORY NOTE  
(EQUIPMENT LOAN)

\$15,000,000.00

Greenville, Tennessee  
As of January 30, 1998

FOR VALUE RECEIVED, the undersigned, each a Tennessee corporation, jointly and severally promise to pay to the order of FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association having offices for the conduct of business in Greene County, Tennessee (the "Bank") at its place of business in Greenville, Tennessee, with the mailing address of "206 North Main Street, Greenville, TN 37745, ATTN: Larry Estep," or at such other place as the holder hereof may designate in writing, in current local funds, the sum of Fifteen Million Dollars (\$15,000,000.00), or so much thereof as may be advanced by the Bank in accordance with the terms and provisions of the Credit Agreement, plus interest thereon or on so much as shall remain outstanding from time to time, as set out below. This Note is referred to as the "Master Draw Note" in the Credit Agreement.

This Note is made in replacement of a Fifteen Million Dollar (\$15,000,000.00) restated, amended and replacement promissory note made as of May 31, 1995, by the undersigned Landair Services, Inc. and payable to the order of the Bank, the outstanding principal balances of the Draw Notes existing as of this date thereunder of which are Three Million Eight Hundred Forty-Six Thousand Five Hundred Fifty-Four and 74/100 Dollars (\$3,846,554.74) in the aggregate (the "Original Principal"). Accordingly, the amount of principal available to be drawn under this Note in accordance with the provisions of the Credit Agreement is Eleven Million One Hundred Fifty- Three Thousand Four Hundred Forty-Five and 26/100 Dollars (\$11,153,445.26) as of this day.

INTEREST ACCRUAL: Except during any period during which a default interest rate shall be applicable as described below, interest shall accrue at the variable rate per annum, rounded upward, if necessary, to the nearest Basis Point (the "Variable Rate"), equal to (a) the base commercial rate of interest established from time to time by the Bank ("Base Rate") minus three-quarters of one percent (0.75%) per annum with respect to the Original Principal, and (b) the LIBOR Rate plus one hundred (100) Basis Points expressed on a per annum basis with respect to all other principal indebtedness advanced by the Bank hereunder. Each change in the Variable Rate that results from a change in the Base Rate shall become effective without notice to the undersigned on the same date that the Base Rate changes. Each change in the Variable Rate that results from a change in the LIBOR Rate shall become effective on each adjustment date which shall occur on the first day of each month commencing February 1, 1998.

Interest shall be calculated based upon and computed on a three hundred sixty (360) day year.

INTEREST AND PRINCIPAL PAYMENTS: The undersigned shall make payments of principal and interest (the "Amortized Payments") on the 10th day of each month, and the amount of each Amortized Payment shall be calculated and based upon the amortization schedules described

in the Credit Agreement and equal to the aggregate of the monthly payments under the Draw Notes which evidence or will evidence each disbursement hereunder (and, correspondingly, each disbursement under the Credit Agreement). All unpaid principal and interest evidenced hereby shall be due and payable on the maturity date hereof, which shall be May 31, 2002.

LIBOR RATE DEFINITIONS: As used in this Note, the following terms shall have the following meanings:

(a) Basis Point: One-hundredth (1/100) of one percent (1.0%) per annum.

(b) Business Day: Any day other than a Saturday, Sunday, holiday or other day on which state-chartered commercial banking institutions in Greeneville, Tennessee are authorized by law to be closed.

(c) LIBOR Business Day: A Business Day on which commercial banks are open for international business (including dealings in Dollar deposits) in London or such other eurodollar interbank market as may be selected by the Bank in its sole discretion acting in good faith.

(d) LIBOR Interest Period: With respect to all principal indebtedness advanced by the Bank hereunder other than the Original Principal, one (1) month periods, each period commencing on the date of Bank's funding or on the last day of the preceding applicable period, as the case may be; provided that the foregoing provisions relating to LIBOR Interest Period are subject to the following:

(i) if any LIBOR Interest period would otherwise end on a day that is not a LIBOR Business Day, that LIBOR Interest Period shall be extended to the next succeeding LIBOR Business Day unless the results of such extension would be to carry such LIBOR Interest Period into another calendar month, in which event such LIBOR Interest Period shall end on the immediately preceding LIBOR Business Day;

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(ii) any LIBOR Interest Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Interest Period) shall end on the last LIBOR Business Day of a calendar month; and

(iii) any LIBOR Interest Period that would otherwise extend beyond the maturity of this Note shall end on the maturity date of this Note.

(e) LIBOR Rate: During any LIBOR Interest Period, an interest rate per annum equal to the quotient (converted to a percentage) of (i) the rate per annum as determined and calculated by the Bank at or about 9:00 o'clock A.M. (Eastern Time) (or as soon thereafter as practicable) on the second Business Day

prior to the first day of each LIBOR Interest Period, to be the average of interbank offered rates for dollar deposits in the London market based on quotations at five (5) major banks, for thirty (30) days or one (1) month deposits, as most recently published in the Wall Street Journal, "Money Rates Section" under the category "London Interbank Offered Rates (LIBOR)," divided by (ii) 1.00 minus the LIBOR Reserve Requirement (as defined below), expressed as a decimal, for such LIBOR Interest Period. If such rate ceases to be published in the Wall Street Journal, the LIBOR Rate shall be the London Rate Eurodollar 30-day or One Month Index as published in the Wall Street Journal. "LIBOR Reserve Requirement" shall mean for any day during a LIBOR Interest Period, that percentage which is specified by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any marginal reserve requirement) for the Bank with respect to liabilities consisting of or including "Eurocurrency liabilities" (as defined in Regulation D of the Board of Governors of the Federal Reserve System) with a maturity equal to such LIBOR Interest Period. In determining the percentage, the Bank may use any reasonable averaging and attribution methods. Each determination by Bank of a LIBOR Rate or of the LIBOR Reserve Requirement used in determining same shall be conclusive and binding, absent manifest error.

SECURITY: This Note is secured by a lien on certain property and equipment described in a Security Agreement dated October 17, 1994, as amended by instruments dated October 20, 1994, December 23, 1994, May 24, 1995, May 31, 1995, December 22, 1995, and of even date herewith (collectively, the "Security Agreement") among the Bank and the undersigned, corresponding UCC Financing Statements, and guaranty agreements of certain of the undersigned.

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OTHER TERMS AND CONDITIONS: Unless otherwise provided herein, all payments shall be applied to pay the accrued interest and to the unpaid principal of the indebtedness in accordance with the terms and provisions of the Draw Notes.

All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Credit Agreement.

Any payment not made when due hereunder (whether by acceleration or otherwise) shall bear interest at the "default rate" which is herein calculated as the lesser of the Bank's Base Rate plus four percent (4.0%) per annum or the maximum effective contract rate of interest which the Bank may lawfully charge on the date such payment became due. As used herein, the Bank's "Base Rate" is the base commercial rate of interest established from time to time by the Bank and which need not be the lowest rate of interest then available to its best commercial customers.

If this Note is placed in the hands of an attorney for collection, by suit or otherwise, or to protect any security given for its payment, or to enforce its collection, the undersigned will pay all the costs of collection and litigation, together with a reasonable attorney's fee, all of which shall be secured by any collateral pledged as security hereof.

The makers and any endorsers or guarantors hereof waive protest, demand, presentment, and notice of dishonor, and agree that this Note may be extended, in whole or in part, without limit as to the number of such extensions, or the

period or periods thereof, and without notice to or further assent from them or any other party liable hereon, all of whom will remain bound upon this Note notwithstanding any such extension(s); and further agree that all or any collateral given, now or hereafter, as security herefor may be released (with or without substitution) without notice and without affecting their liability hereon; and that additional makers, endorsers, guarantors, or sureties may become parties hereto and that any present or future party may be released from liability hereunder, without notice, and without affecting the liability of any other maker, endorser, or guarantor.

This Note is issued and executed pursuant to and in connection with a Loan Agreement dated October 17, 1994, as amended by instruments dated October 20, 1994, December 23, 1994, May 24, 1995, May 31, 1995, January 28, 1997, and of even date herewith among the Bank and the undersigned (collectively, the "Credit Agreement"), and the holder hereof is entitled to the benefits of such Credit Agreement and may disburse loan proceeds and may exercise the remedies and rights provided therein, all in accordance with the terms of the Credit Agreement. In connection with the immediately preceding sentence, this Note evidences a revolving credit loan and, provided that no event of default hereunder as described in the next paragraph hereof exists, the undersigned may borrow, repay and reborrow at any time, and from time to time during the period of time commencing on the date hereof and ending on May 31, 1999, as provided in the Credit Agreement. After May 31, 1999, the revolving credit aspect of this Note shall be of no effect and the indebtedness evidenced hereby shall be repaid in accordance with the other provisions hereof and the amortization schedules described in the Credit Agreement.

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In the event of any default in the prompt and punctual payment, when due, of this Note (or any installment hereof, whether of principal, interest, or principal and interest, including installments due under the Draw Notes), which default continues for ten (10) days after the due date of such payment (provided that no more than two [2] payments in any twelve (12) month period shall be thus in default for ten [10] days), or if any of the makers or any guarantor hereof should become insolvent (as defined in the Uniform Commercial Code), or if a petition in bankruptcy be filed by or against any of the makers or any guarantor, or if a receiver be appointed for any part of the property or assets of any of the makers or any guarantor, or if any assignment for the benefit of creditors be made by any of the makers or any guarantor, or if a judgment be entered against any of the makers or any guarantor, or upon the issuance of any writ, levy, or process, valid or invalid, which purports to restrict any of the makers or any guarantor with respect to any of its or their funds or property on deposit with or in the possession or custody or under the control of the Bank, or upon the dissolution, either voluntary or involuntary, of any of the makers or any guarantor, or in the event of any default in the prompt and punctual payment when due, of any other indebtedness or obligation to the Bank owed, now or hereafter, by any of the makers or any guarantor (including, but not limited to, the Draw Notes and the Line Note), or upon any default in any security agreement, assignment or other security document given, now or hereafter, to secure the indebtedness evidenced hereby, or if any representation or warranty made by any of the undersigned, by any guarantor or any of their officers or shareholders pertaining to this credit shall prove to be false, untrue, or materially misleading, or upon any other default under or described in the Security Agreement, the Credit Agreement or any other document executed in connection herewith or therewith, then and in any of such events, the entire principal and interest of this Note (and, therefor, of all of the Draw Notes) shall, without notice or demand for payment (the same being expressly waived), be and become immediately due and payable for all purposes, at the option of the Bank. Any conflict between the provisions of this paragraph and the provisions of the Credit Agreement or the Draw Notes concerning notice and cure periods shall be resolved in favor of the provisions of the Credit Agreement.

Upon the occurrence of a default hereunder (as described in the immediately preceding paragraph or otherwise) for which the holder hereof does not accelerate the indebtedness evidenced hereby pursuant to the provisions of the immediately preceding paragraph and for which the applicable default rate(s) of interest set forth above is not being charged, including the failure of any of

the undersigned or any guarantor to provide the financial statements as required under the Credit Agreement, the applicable interest rate set forth herein, for a period beginning three (3) days after written notice of such event of default is provided by the holder hereof to the undersigned and ending upon the curing of said noticed event of default, shall increase one percent (1.0%) for the first thirty (30) days of said event of default and increase an additional one percent (1.0%) during each thirty (30) day period thereafter during which the noticed event of default continues. Such default interest rates (in the immediately preceding sentence) shall apply to the outstanding principal balance of this Note; provided, however, that such interest rate shall not exceed the "default rate" as such phrase is defined on page 3 of this Note. Upon the curing of the noticed event of default, the interest rate hereunder shall revert to the initially agreed upon interest rate, effective on the date on which the event of default is cured.

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Any money or other property at any time in the possession of the Bank belonging to any of the makers or any guarantor and any deposits or other sums at any time credited by or due from the Bank to any party liable hereon, may at all times, at the option of the Bank, be held and treated as collateral security for the payment of this Note or any other liability of any of the makers or any guarantor, whether due or not due. The Bank may, at any time upon the occurrence of an event of default hereunder and/or under the Security Agreement, the Credit Agreement or any other document executed in connection herewith or therewith (which continues beyond applicable grace, notice and cure periods), at its option, and without further notice, set off the amount due or to become due hereon against the claim of any of the makers against the Bank.

Regardless of any provisions contained herein, or in any other document executed in connection herewith, the holder hereof shall never be entitled to receive, collect, or apply as interest hereon, any amount in excess of the maximum contract rate which may be lawfully charged by the holder hereof under applicable law, and in the event the holder hereof ever receives, collects, or applies as interest, any such excess, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such; and, if the principal hereof is paid in full, any remaining excess shall forthwith be paid to the undersigned. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the maximum lawful contract rate, the undersigned and the holder hereof shall, to the maximum extent permitted by applicable law, (a) characterize any non-principal payment as a reasonable loan charge, rather than as interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate, and spread, in equal parts, the total amount of interest throughout the entire contemplated term hereof, so that the interest accrued or to accrue throughout the entire term contemplated hereby shall at no time exceed the maximum lawful contract rate.

This Note may be prepaid, in whole or in part, without premium or penalty. Any such prepayment shall be applied first to interest accrued on the outstanding principal balance and currently due and payable, and the remainder, if any, shall be applied to reduce the outstanding principal balance of this Note. Any such partial prepayment shall not have the effect of suspending or deferring the payments herein provided for, but the same shall continue to be due and payable on each due date subsequent to such prepayment.

THE UNDERSIGNED HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING HEREUNDER OR UNDER THE CREDIT AGREEMENT, THE SECURITY AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS NOTE, THE CREDIT AGREEMENT, THE SECURITY AGREEMENT, OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING; AND THE UNDERSIGNED HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY

COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THE CREDIT AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE UNDERSIGNED TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

This Note is to be governed by and interpreted in accordance with the laws of the State of Tennessee, except to the extent that greater rights and/or privileges are granted to the holder hereof under federal law, in which case federal laws shall control.

LANDAIR SERVICES, INC.

By: \_\_\_\_\_  
Scott M. Niswonger,  
President

ATTEST:  
  
\_\_\_\_\_

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_  
Eddie R. Brown,  
President

ATTEST:  
  
\_\_\_\_\_

LANDAIR INTERNATIONAL AIRLINES,  
INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

ATTEST:  
  
\_\_\_\_\_

TRANSPORTATION PROPERTIES, INC.  
previously known as "Landair  
Properties, Inc.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

ATTEST:  
  
\_\_\_\_\_

FORWARD AIR, INC.



By: \_\_\_\_\_  
Bruce A. Campbell,  
President

ATTEST:

\_\_\_\_\_

Exhibit 10.4

SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENTS

THIS SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENTS is made and entered into as of the 30th day of January, 1998, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association ("Bank"), LANDAIR SERVICES, INC., a Tennessee corporation ("Borrower"), LANDAIR TRANSPORT, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LTI"), LANDAIR INTERNATIONAL AIRLINES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LIA"), TRANSPORTATION PROPERTIES, INC., previously known as "Landair Properties, Inc.," a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LPI"), and FORWARD AIR, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("FAI").

RECITALS

A. Bank, Borrower, LTI and LIA have entered into that certain Loan Agreement dated as of October 17, 1994, providing for a loan in the amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Loan"), to finance the acquisition of equipment for use in the Borrower's operations and in the operations of LTI and LIA (the "Loan Agreement").

B. Bank has made the Loan to Borrower pursuant to various loan documents, among them a promissory note dated as of October 17, 1994, in the original principal amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Master Draw Note"), a security agreement securing the obligations of Borrower, LTI and LIA with respect to the Loan dated as of October 17, 1994, under which a security interest was and is granted in the aforesaid equipment (the "Security Agreement"), and the Loan Agreement. The Master Draw Note, the Security Agreement, the Loan Agreement and all other instruments executed in connection with the Loan, as now amended or as may be amended hereafter, are herein referred to collectively as the "Loan Documents." The equipment and other personal property in which a security interest was, is and may be hereafter, granted under the Security Agreement, as amended, are herein collectively referred to as the "Property."

C. LTI acquired and purchased additional equipment which was paid for by Loan proceeds as of October 20, 1994, as evidenced by a draw note and a first amendment to the Loan Agreement and to the Security Agreement, all dated as of October 20, 1994.

D. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of December 23, 1994, as evidenced by a draw note and a second amendment to the Loan Agreement and to the Security Agreement, all dated as of December 23, 1994.

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E. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of May 24, 1995, as evidenced by a draw note and a third amendment to the Loan Agreement and to the Security Agreement, all dated as of May 24, 1995.

F. Bank, Borrower, LTI and LIA have previously and further amended certain other provisions of the Loan, the Master Draw Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of May 31, 1995, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Master Draw Note (the "Replacement Note"), and as also evidenced by a fourth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of May 31, 1995.

G. LTI acquired and purchased additional equipment which was

paid for by loan proceeds evidenced by the Replacement Note as of December 22, 1995, as evidenced by a draw note and a fifth amendment to the Loan Agreement and to the Security Agreement, all dated as of December 22, 1995.

H. Bank and Borrower, LTI, LIA, LPI and FAI (the "Borrowing Entities") have agreed to extend the revolving credit period set forth in the Replacement Note and to modify other terms and provisions set forth in the Replacement Note and in the Loan Agreement and the Security Agreement, as previously amended by those amendment instruments described above. Such modifications to the Replacement Note are set forth in and evidenced by that certain restated, amended and replacement promissory note (the "Second Replacement Note") of even date herewith executed by the Borrowing Entities, payable to the order of Bank, and in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) (the "New Loan").

I. Bank and the Borrowing Entities desire (i) that the prompt and punctual payment of the Replacement Note, as amended, restated and replaced by the Second Replacement Note, be secured by the Loan Agreement and the Security Agreement, as amended by those amendment instruments described above, in accordance with the terms thereof and hereof, and (ii) to modify certain other provisions of the Loan Agreement and of the Security Agreement, as amended by those amendment instruments described above, as set forth herein.

J. The Replacement Note, as amended, restated and replaced by the Second Replacement Note, the Loan Agreement and the Security Agreement, as amended by those amendment instruments described above, this instrument, the Guaranties and all other instruments executed in connection with the Loan, as previously amended, and the New Loan are herein sometimes referred to collectively as the "Loan Documents."

#### TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the agreements set out in this instrument, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

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1. The foregoing RECITALS are agreed to by the parties and incorporated by reference herein.

2. The Borrowing Entities have made and delivered the Second Replacement Note to Bank, and Bank has accepted the same in accordance with the provisions hereof and of the other Loan Documents.

3. The Loan Documents are hereby amended to include the following:

(a) The "Aircraft Security Agreement" as described and defined in Section 1(a) of the Security Agreement shall now refer to the Aircraft Security Agreement as so defined as amended by second amendment instrument thereto dated May 31, 1995, and by third amendment instrument thereto of even date herewith.

(b) The "Committed Amount" as described and defined on page 1 of the Loan Agreement, as amended by those amendment instruments described above, shall refer to the New Loan amount.

(c) The "Guaranties" as described and defined in Section 1.13 of the Loan Agreement and in Recital III of the Security Agreement shall continue to refer to those guaranty agreements dated May 31, 1995, copies of which were attached as collective Exhibit B to the fourth amendment dated May 31, 1995, which shall remain in full force and effect, it being understood and agreed, however, that the primary obligations of the guarantors under said Exhibit B agreements with respect to the New Loan are as makers of the Second Replacement Note. All obligations of each Borrowing Entity as a "guarantor" under any Guaranty shall include all obligations of each and every Borrowing Entity under the Master Draw Note, the Line Note and all documents relating

thereto (including this instrument).

(d) The "Line Note" as described and defined in Section 1.19 of the Loan Agreement shall now refer to the promissory note of the Borrowing Entities of even date herewith attached hereto as Exhibit A.

(e) The "Loan Agreement" as described and defined in Section 1.20 of the Loan Agreement and in Recital V of the Security Agreement shall now refer to the Loan Agreement, as amended by the amendment documents dated October 20, 1994, December 23, 1994, May 24, 1995, May 31, 1995, December 22, 1995, and as further amended by this instrument.

(f) The "Loan" as described and defined in Recital I of the Security Agreement, as amended by those amendment instruments described above, shall now refer to the New Loan.

(g) The "Master Draw Note" as described and defined in Section 1.22 of the Loan Agreement and in Recital II of the Security Agreement shall now refer to the promissory note of the Borrowing Entities of even date herewith attached hereto as Exhibit B, which evidences the New Loan.

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(h) The "Security Agreement" as described and defined in Section 1.31 of the Loan Agreement shall now refer to the Security Agreement, as amended by the amendment documents dated October 20, 1994, December 23, 1994, May 24, 1995, May 31, 1995, December 22, 1995, and as further amended by this instrument.

(i) The "Stated Interest Rate" as described and defined in Section 2.3(a) of the Loan Agreement, as amended by those amendment instruments described above, shall now, with respect to all Draw Notes executed on this day and hereafter and the indebtedness evidenced thereby, refer to the lesser of the (1) Maximum Rate, or (2) a per annum rate equal to (i) one hundred (100) "Basis Points" greater than (ii) the "LIBOR Rate" as such terms are defined in the Second Replacement Note. The "Stated Interest Rate" as described and defined in Section 2.3(a) of the Loan Agreement shall, with respect to existing Draw Notes and the indebtedness evidenced thereby other than the Aircraft Draw Note which shall continue to bear interest at the fixed rate set forth therein, continue to have the meaning and definition set forth in Section 2.3(a) of the Loan Agreement, as previously amended with respect thereto.

(j) The date "December 25, 1993" found in Sections 5.3(a) and 5.3(b) of the Loan Agreement, as amended by those amendment instruments described above, is hereby changed to "December 31, 1996," and Borrower, LTI, LIA, LPI and FAI hereby confirm and ratify the truth and accuracy of the representations and warranties made by them in said Sections 5.3(a) and 5.3(b), as amended by those amendment instruments described above, with such change.

(k) The list of actions, suits and proceedings described in Section 5.5 of the Loan Agreement and listed on Exhibit I to the Loan Agreement, as amended by those amendment instruments described above, is hereby supplemented and replaced by Exhibit C attached hereto, and Borrower, LTI, LIA, LPI and FAI hereby confirm and ratify the representations and warranties made by them in said Section 5.5, as amended by those amendment instruments described above, with such change.

(l) The amount "Twenty-Nine Million Dollars (\$29,000,000.00)" found in Section 6.8 of the Loan Agreement, as previously amended to "Thirty-One Million Dollars (\$31,000,000.00)" in the those amendment instruments described above, is hereby changed to "Forty Million Dollars (\$40,000,000.00) until fiscal year end 1997 for the Borrower," and to a potentially higher (but not lower) number equal to "Forty Million Dollars (\$40,000,000.00) plus seventy-five percent (75%) of after-tax profit in each fiscal year of Borrower thereafter until payment in full of the principal of and interest on the Borrower Loans," and Borrower, LTI, LIA, LPI and FAI hereby confirm and ratify the truth and accuracy of the representations and warranties made by them in said Section 6.8 with such changes.

(m) Section 6.10 of the Loan Agreement, as amended by the those amendment instruments described above, remains as amended by the fourth amendment instrument dated May 31, 1995, and Borrower, LTI, LIA, LPI and FAI hereby covenant and agree that each of them will, from the date hereof until payment in full of the principal of and interest on the Borrower

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Loans, maintain the debt-to-equity ratio set forth in said fourth amendment and otherwise satisfy their covenants as set forth on Exhibit F to said fourth amendment.

4. The Borrowing Entities each represent and warrant to Bank that the RECITALS set forth above are true and correct in all material respects and all representations and warranties to Bank given by any of them in any one or more of the Loan Documents are true and correct as of the date hereof. Similarly, Borrower, LTI, LIA, LPI and FAI hereby covenant and agree to fulfill all of their obligations and agreements made in the Loan Documents. Each Borrowing Entity agrees to pay directly, or reimburse Bank for, all reasonable expenses, including the reasonable fees and expenses of legal counsel, incurred in connection with the enforcement of any one or more of the Loan Documents and the collection of any amounts owing by any of the Borrowing Entities with respect thereto.

5. Notwithstanding any provisions of the Loan Documents or any prior understanding or agreement of or by any one or more of the Borrowing Entities with Bank, as of the date of execution hereof, (a) the obligations of any one or more of the Borrowing Entities under any one or more of the Loan Documents, including the Guaranties, are intended to be secured by all the assets of each of the Borrowing Entities now or hereafter owned by any one or more of the Borrowing Entities and which assets are subject to the granting of a security interest under the laws of the State of Tennessee or any other state where any of the assets of any one or more of the Borrowing Entities may from time to time be located and the federal laws of the United States of America (the "Pledged Assets"), and in furtherance of the foregoing, each of the Borrowing Entities hereby pledges and grants a security interest in all right, title and interest of each of the Borrowing Entities in the Pledged Assets to and in favor of Bank, and (b) each of the Borrowing Entities hereby jointly and severally, agrees to pay and perform each and every obligation of payment and/or performance of any other Borrowing Entity under any one or more of the Loan Documents.

6. Except as specifically modified hereby, the Loan Documents shall remain in full force and effect, and the same are hereby ratified and confirmed by the Borrowing Entities in all respects. In the event of any conflict between any provisions of any one or more of the Loan Documents, the provisions most favorable to Bank shall apply. This instrument is not intended to, and will not, effect a novation of the indebtedness evidenced by the Replacement Note outstanding as of the date the Replacement Note was amended, restated and replaced by the Second Replacement Note, nor are the liens of the security interests granted under the Security Agreement, as amended by the amendment instruments described above, intended to be released, altered, or changed in any manner except as specifically stated herein. All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement, as previously amended by the amendment instruments described above.

7. As an inducement to Bank to make the New Loan, (a) the Borrowing Entities shall deliver, or cause to be delivered, to Bank the following: (i) certified resolutions of the board of directors of each of the Borrowing Entities authorizing this instrument and the other New Loan documents; (ii) an opinion of counsel and/or "certification of general counsel" and such other

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documentation, if any, as may be reasonably requested by Bank to satisfy Bank that this instrument and the other New Loan documents have been duly authorized, executed and delivered on behalf of each Borrowing Entity, and constitutes the valid and binding obligation of each of the Borrowing Entities; (iii) appropriate UCC-1 or UCC-3 Financing Statements as necessary to accomplish the purposes of this instrument; and (iv) UCC-11 lien searches as may be required by Bank evidencing no liens or encumbrances on any of the Pledged Assets of any of the Borrowing Entities except liens granted pursuant to the Borrower Loans, and liens or encumbrances, if any, approved by Bank; (b) the Borrowing Entities shall pay directly or reimburse Bank for all fees and expenses, including, but not limited to, any and all filing fees, recording fees, and reasonable expenses and fees of legal counsel, incurred in connection with the preparation and enforcement of this instrument and other New Loan documents; and (c) each Borrowing Entity shall execute and deliver to Bank all further documents and perform all other acts which Bank reasonably shall deem necessary or appropriate to perfect or protect the lien and security interests granted pursuant to the Borrower Loans.

IN WITNESS WHEREOF, this Sixth Amendment to Loan and Security Agreements has been entered into by the parties hereto as of the day and year first above written.

"BANK"

"BORROWER"

FIRST TENNESSEE BANK NATIONAL  
ASSOCIATION

LANDAIR SERVICES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Scott M. Niswonger,  
President

"LTI"

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_  
Eddie R. Brown,  
President

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"LIA"

LANDAIR INTERNATIONAL  
AIRLINES, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"LPI"

TRANSPORTATION PROPERTIES,  
INC. previously known as  
Landair Properties, Inc.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"FAI"

FORWARD AIR, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

Exhibit 10.5

SEVENTH AMENDMENT TO LOAN AND  
SECURITY AGREEMENTS

THIS SEVENTH AMENDMENT TO LOAN AND SECURITY AGREEMENTS is made and entered into as of the 30th day of January, 1998, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association ("Bank"), LANDAIR SERVICES, INC., a Tennessee corporation ("Borrower"), LANDAIR TRANSPORT, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LTI"), LANDAIR INTERNATIONAL AIRLINES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LIA"), TRANSPORTATION PROPERTIES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("TPI"), and FORWARD AIR, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("FAI").

RECITALS

A. Bank, Borrower, LTI and LIA have entered into that certain Loan Agreement dated as of October 17, 1994, providing for a loan in the amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Loan"), to finance the acquisition of equipment for use in the Borrower's operations and in the operations of LTI and LIA (the "Loan Agreement").

B. Bank has made the Loan to Borrower pursuant to various loan documents, among them a promissory note dated as of October 17, 1994, in the original principal amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Master Draw Note"), a security agreement securing the obligations of Borrower, LTI and LIA with respect to the Loan dated as of October 17, 1994, under which a security interest was and is granted in the aforesaid equipment (the "Security Agreement"), and the Loan Agreement. The Master Draw Note, the Security Agreement, the Loan Agreement and all other instruments executed in connection with the Loan are herein referred to as the "Loan Documents." The equipment and other personal property in which a security interest was and is granted under the Security Agreement are herein referred to as the "Property."

C. LTI acquired and purchased additional equipment which was paid for by Loan proceeds as of October 20, 1994, as evidenced by a draw note and a first amendment to the Loan Agreement and to the Security Agreement, all dated as of October 20, 1994.

D. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of December 23, 1994, as evidenced by a draw note and a second amendment to the Loan Agreement and to the Security Agreement, all dated as of December 23, 1994.

1

E. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of May 24, 1995, as evidenced by a draw note and a third amendment to the Loan Agreement and to the Security Agreement, all dated as of May 24, 1995.

F. Bank, Borrower, LTI and LIA have previously and further amended certain other provisions of the Loan, the Master Draw Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of May 31, 1995, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Master Draw Note (the "Replacement Note"), and as also evidenced by a fourth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of May 31, 1995.



G. LTI has acquired and purchased additional equipment which was paid for by loan proceeds evidenced by the Replacement Note as of December 22, 1995, as evidenced by a draw note and a fifth amendment to the Loan Agreement and to the Security Agreement, all dated as of December 22, 1995.

H. Bank, Borrower, LTI, LIA, TPI and FAI have previously and further amended certain other provisions of the Loan, the Replacement Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of January 30, 1998, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Replacement Note (the "Current Replacement Note"), and as also evidenced by a sixth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of January 30, 1998.

I. LTI has acquired and purchased additional equipment (the "Additional Property"), to be paid for by loan proceeds evidenced by the Current Replacement Note as of this date and the parties hereto desire to further amend and supplement the definition of "Collateral" as set forth in the Security Agreement, as amended previously, to include the Additional Property.

J. In conjunction with the preceding Recital I, the Borrower and LTI, in connection with the Additional Property, have made and executed a draw note of even date herewith in the original principal amount of One Million Seven Hundred Eighty-Seven Thousand Four Hundred Thirty-Two Dollars (\$1,787,432.00) (the "New Draw Note"), the proceeds of which shall be also evidenced by the Current Replacement Note, which as aforesaid amended, restated and replaced the Replacement Note, and shall be used to purchase the Additional Property.

#### TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the agreements set out in this instrument, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

2

1. Borrower and LTI have made and delivered the New Draw Note to Bank, and Bank has accepted the same in accordance with the provisions hereof and of the other Loan Documents. The New Draw Note is one of the "Additional Draw Notes" as referred to in the Loan Agreement and in the Security Agreement, as amended.

2. The Loan Documents are hereby further amended to include the following:

(a) The "Collateral" as described and defined in Article One of the Loan Agreement and in Paragraph 1(b) of the Security Agreement is hereby further amended and supplemented by adding thereto the property described in Exhibit A hereto, which exhibit sets forth a description of the Additional Property.

(b) Any and all references in the Loan Agreement and in the Security Agreement to the "Draw Notes" is hereby deemed further amended and supplemented to include, as a part thereof, the New Draw Note.

3. Except as specifically modified hereby, the Current Replacement Note and all other Loan Documents, as previously amended, supplemented, restated and replaced by those aforesaid documents dated as of October 20, 1994, as of December 23, 1994, as of May 24, 1995, as of May 31, 1995, as of December 22, 1995, and as of January 30, 1998, shall remain in full force and effect. This instrument is not intended to, and will not, effect a novation of the indebtedness evidenced by the Current Replacement Note, which as aforesaid amended, restated and replaced the Replacement Note, nor are the liens of the security interests granted under the Security Agreement, as previously amended

as aforesaid, intended to be released, altered, or changed in any manner except as specifically stated herein.

IN WITNESS WHEREOF, this Seventh Amendment to Loan and Security Agreements has been entered into by the parties hereto as of the day and year first above written.

"BANK"

"BORROWER"

FIRST TENNESSEE BANK NATIONAL  
ASSOCIATION

LANDAIR SERVICES, INC.

By: \_\_\_\_\_  
Larry Estep,  
Regional President

By: \_\_\_\_\_  
Scott M. Niswonger,  
President

3

"LTI"

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_  
Eddie R. Brown,  
President

"LIA"

LANDAIR INTERNATIONAL  
AIRLINES, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"TPI"

TRANSPORTATION PROPERTIES, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"FAI"

FORWARD AIR, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

4

RELATING TO SEVENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

One Hundred (100), new 1998, 53-foot Hyundai Van Trailers, identified with the following serial numbers:

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3H3V532CXWT01100598605	3H3V532C_WTO1404398893
3H3V532C1WT01100698606	3H3V532C_WTO1404498894
3H3V532C3WT01100798607	3H3V532C_WTO1404598895
3H3V532C5WT01100898608	3H3V532C_WTO1404698896
3H3V532C7WT01100998609	3H3V532C_WTO1404798897
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3H3V532C_WTO1401798867	3H3V532C1WTO1001798817
3H3V532C_WTO1401898868	3H3V532C3WTO1001898818
3H3V532C_WTO1401998869	3H3V532C5WTO1001998819
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3H3V532C_WTO1403098880	3H3V532C4WTO1003098830
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3H3V532C_WTO1403298882	3H3V532C8WTO1003298832
3H3V532C_WTO1403398883	3H3V532CXWTO1003398833
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Exhibit 10.6

EIGHTH AMENDMENT TO LOAN AND  
SECURITY AGREEMENTS

THIS EIGHTH AMENDMENT TO LOAN AND SECURITY AGREEMENTS is made and entered into as of the 24th day of February, 1998, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association ("Bank"), LANDAIR SERVICES, INC., a Tennessee corporation ("Borrower"), LANDAIR TRANSPORT, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LTI"), LANDAIR INTERNATIONAL AIRLINES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LIA"), TRANSPORTATION PROPERTIES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("TPI"), and FORWARD AIR, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("FAI").

RECITALS

A. Bank, Borrower, LTI and LIA have entered into that certain Loan Agreement dated as of October 17, 1994, providing for a loan in the amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Loan"), to finance the acquisition of equipment for use in the Borrower's operations and in the operations of LTI and LIA (the "Loan Agreement").

B. Bank has made the Loan to Borrower pursuant to various loan documents, among them a promissory note dated as of October 17, 1994, in the original principal amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Master Draw Note"), a security agreement securing the obligations of Borrower, LTI and LIA with respect to the Loan dated as of October 17, 1994, under which a security interest was and is granted in the aforesaid equipment (the "Security Agreement"), and the Loan Agreement. The Master Draw Note, the Security Agreement, the Loan Agreement and all other instruments executed in connection with the Loan are herein referred to as the "Loan Documents." The equipment and other personal property in which a security interest was and is granted under the Security Agreement are herein referred to as the "Property."

C. LTI acquired and purchased additional equipment which was paid for by Loan proceeds as of October 20, 1994, as evidenced by a draw note and a first amendment to the Loan Agreement and to the Security Agreement, all dated as of October 20, 1994.

D. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of December 23, 1994, as evidenced by a draw note and a second amendment to the Loan Agreement and to the Security Agreement, all dated as of December 23, 1994.

1

E. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of May 24, 1995, as evidenced by a draw note and a third amendment to the Loan Agreement and to the Security Agreement, all dated as of May 24, 1995.

F. Bank, Borrower, LTI and LIA have previously and further amended certain other provisions of the Loan, the Master Draw Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of May 31, 1995, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Master Draw Note (the "Replacement Note"), and as also evidenced by a fourth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of May 31, 1995.

G. LTI has acquired and purchased additional equipment which was paid for by loan proceeds evidenced by the Replacement Note as of December 22, 1995, as evidenced by a draw note and a fifth amendment to the Loan Agreement and to the Security Agreement, all dated as of December 22, 1995.

H. Bank, Borrower, LTI, LIA, TPI and FAI have previously and further amended certain other provisions of the Loan, the Replacement Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of January 30, 1998, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Replacement Note (the "Current Replacement Note"), and as also evidenced by a sixth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of January 30, 1998.

I. LTI has acquired and purchased additional equipment which was paid for by loan proceeds evidenced by the Current Replacement Note as of January 30, 1998, as evidenced by a draw note and a seventh amendment to the Loan Agreement and to the Security Agreement, all dated as of January 30, 1998.

J. LTI has acquired and purchased additional equipment (the "Additional Property"), to be paid for by loan proceeds evidenced by the Current Replacement Note as of this date and the parties hereto desire to further amend and supplement the definition of "Collateral" as set forth in the Security Agreement, as amended previously, to include the Additional Property.

K. In conjunction with the preceding Recital J, the Borrower and LTI, in connection with the Additional Property, have made and executed a draw note of even date herewith in the original principal amount of One Million Nine Hundred Nine Thousand Six Hundred Fifty-Seven Dollars (\$1,909,657.00) (the "New Draw Note"), the proceeds of which shall be also evidenced by the Current Replacement Note, which as aforesaid amended, restated and replaced the Replacement Note, and shall be used to purchase the Additional Property.

## TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the agreements set out in this instrument, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Borrower and LTI have made and delivered the New Draw Note to Bank, and Bank has accepted the same in accordance with the provisions hereof and of the other Loan Documents. The New Draw Note is one of the "Additional Draw Notes" as referred to in the Loan Agreement and in the Security Agreement, as amended.

2. The Loan Documents are hereby further amended to include the following:

(a) The "Collateral" as described and defined in Article One of the Loan Agreement and in Paragraph 1(b) of the Security Agreement is hereby further amended and supplemented by adding thereto the property described in Exhibit A hereto, which exhibit sets forth a description of the Additional Property.

(b) Any and all references in the Loan Agreement and in the Security Agreement to the "Draw Notes" is hereby deemed further amended and supplemented to include, as a part thereof, the New Draw Note.

3. Except as specifically modified hereby, the Current Replacement Note and all other Loan Documents, as previously amended, supplemented, restated and replaced by those aforesaid documents dated as of October 20, 1994, as of December 23, 1994, as of May 24, 1995, as of May 31, 1995, as of December 22,

1995, and as of January 30, 1998, shall remain in full force and effect. This instrument is not intended to, and will not, effect a novation of the indebtedness evidenced by the Current Replacement Note, which as aforesaid amended, restated and replaced the Replacement Note, nor are the liens of the security interests granted under the Security Agreement, as previously amended as aforesaid, intended to be released, altered, or changed in any manner except as specifically stated herein.

IN WITNESS WHEREOF, this Eighth Amendment to Loan and Security Agreements has been entered into by the parties hereto as of the day and year first above written.

"BANK"

"BORROWER"

FIRST TENNESSEE BANK NATIONAL  
ASSOCIATION

LANDAIR SERVICES, INC.

By: \_\_\_\_\_  
Larry Estepp,  
Regional President

By: \_\_\_\_\_  
Scott M. Niswonger,  
President

3

"LTI"

LANDAIR TRANSPORT, INC.

By: \_\_\_\_\_  
Eddie R. Brown,  
President

"LIA"

LANDAIR INTERNATIONAL  
AIRLINES, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"TPI"

TRANSPORTATION PROPERTIES, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

"FAI"

FORWARD AIR, INC.

By: \_\_\_\_\_  
Bruce A. Campbell,  
President

4

- Attached -

Exhibit 10.7

NINTH AMENDMENT TO LOAN AND  
SECURITY AGREEMENTS

THIS NINTH AMENDMENT TO LOAN AND SECURITY AGREEMENTS is made and entered into as of the 24th day of March, 1998, by and between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association ("Bank"), LANDAIR SERVICES, INC., a Tennessee corporation ("Borrower"), LANDAIR TRANSPORT, INC., a Tennessee corporation which is a wholly owned subsidiary of borrower ("LTI"), LANDAIR INTERNATIONAL AIRLINES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("LIA"), TRANSPORTATION PROPERTIES, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("TPI"), and FORWARD AIR, INC., a Tennessee corporation which is a wholly owned subsidiary of Borrower ("FAI").

RECITALS

A. Bank, Borrower, LTI and LIA have entered into that certain Loan Agreement dated as of October 17, 1994, providing for a loan in the amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Loan"), to finance the acquisition of equipment for use in the Borrower's operations and in the operations of LTI and LIA (the "Loan Agreement").

B. Bank has made the Loan to Borrower pursuant to various loan documents, among them a promissory note dated as of October 17, 1994, in the original principal amount of Eleven Million One Hundred Fifty-Two Thousand Dollars (\$11,152,000.00) (the "Master Draw Note"), a security agreement securing the obligations of Borrower, LTI and LIA with respect to the Loan dated as of October 17, 1994, under which a security interest was and is granted in the aforesaid equipment (the "Security Agreement"), and the Loan Agreement. The Master Draw Note, the Security Agreement, the Loan Agreement and all other instruments executed in connection with the Loan are herein referred to as the "Loan Documents." The equipment and other personal property in which a security interest was and is granted under the Security Agreement are herein referred to as the "Property."

C. LTI acquired and purchased additional equipment which was paid for by Loan proceeds as of October 20, 1994, as evidenced by a draw note and a first amendment to the Loan Agreement and to the Security Agreement, all dated as of October 20, 1994.

D. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of December 23, 1994, as evidenced by a draw note and a second amendment to the Loan Agreement and to the Security Agreement, all dated as of December 23, 1994.

E. LTI acquired and purchased other additional equipment which was paid for by Loan proceeds as of May 24, 1995, as evidenced by a draw note and a third amendment to the Loan Agreement and to the Security Agreement, all dated as of May 24, 1995.

F. Bank, Borrower, LTI and LIA have previously and further amended certain other provisions of the Loan, the Master Draw Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of May 31, 1995, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Master Draw Note (the "Replacement Note"), and as also evidenced by a fourth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of May 31, 1995.

G. LTI has acquired and purchased additional equipment which was paid for



by loan proceeds evidenced by the Replacement Note as of December 22, 1995, as evidenced by a draw note and a fifth amendment to the Loan Agreement and to the Security Agreement, all dated as of December 22, 1995.

H. Bank, Borrower, LTI, LIA, TPI and FAI have previously and further amended certain other provisions of the Loan, the Replacement Note, the Loan Agreement and the Security Agreement as evidenced by an amended, restated and replacement promissory note dated as of January 30, 1998, in the original principal amount of Fifteen Million Dollars (\$15,000,000.00) which amended, restated and replaced the Replacement Note (the "Current Replacement Note"), and as also evidenced by a sixth amendment to the Loan Agreement and to the Security Agreement and related loan modification documents, all dated as of January 30, 1998.

I. LTI has acquired and purchased additional equipment which was paid for by loan proceeds evidenced by the Current Replacement Note as of January 30, 1998, as evidenced by a draw note and a seventh amendment to the Loan Agreement and to the Security Agreement, all dated as of January 30, 1998.

J. LTI has acquired and purchased additional equipment which was paid for by loan proceeds evidenced by the Current Replacement Note as of February 28, 1998, as evidenced by a draw note and a eighth amendment to the Loan Agreement and to the Security Agreement, all dated as of February 28, 1998.

K. LTI has acquired and purchased additional equipment (the "Additional Property"), to be paid for by loan proceeds evidenced by the Current Replacement Note as of this date and the parties hereto desire to further amend and supplement the definition of "Collateral" as set forth in the Security Agreement, as amended previously, to include the Additional Property.

L. In conjunction with the preceding Recital J. the Borrower and LTI, in connection with the Additional Property, have made and executed a draw note of even date herewith in the original principal amount of Two Million Six Hundred Fifty-Six Thousand Nine Hundred Twenty-Eight Dollars (\$2,656,928.00) (the "New Draw Note"), the proceeds of which shall be also evidenced by the Current Replacement Note, which as aforesaid amended, restated and replaced the Replacement Note, and shall be used to purchase the Additional Property.

## TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the agreements set out in this instrument, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Borrower and LTI have made and delivered the New Draw Note to Bank, and Bank has accepted the same in accordance with the provisions hereof and of the other Loan Documents. The New Draw Note is one of the "Additional Draw Notes" as referred to in the Loan Agreement and in the Security Agreement, as amended.

2. The Loan Documents are hereby further amended to include the following:

(a) The "Collateral" as described and defined in Article One of the Loan Agreement and in Paragraph 1(b) of the Security Agreement is hereby further amended and supplemented by adding thereto the property described in Exhibit A hereto, which exhibit sets forth a description of the Additional Property.

(b) Any and all references in the Loan Agreement and in the Security Agreement to the "Draw Notes" is hereby deemed further amended and supplemented to include, as a part thereof, the New Draw Note.

3. Except as specifically modified hereby, the Current Replacement Note and all other Loan Documents, as previously amended, supplemented, restated and replaced by those aforesaid documents dated as of October 20, 1994, as of December 23, 1994, as of May 24, 1995, as of May 31, 1995, as of December 22,

1995, as of January 30, 1998, and as of February 28, 1998, shall remain in full force and effect. This instrument is not intended to, and will not, effect a novation of the indebtedness evidenced by the Current Replacement Note which as aforesaid amended, restated and replaced the Replacement Note, nor are the liens of the security interests granted under the Security Agreement, as previously amended as aforesaid, intended to be released, altered, or changed in any manner except as specifically stated herein.

IN WITNESS WHEREOF, this Ninth Amendment to Loan and Security Agreements has been entered into by the parties hereto as of the day and year first above written.

3

"BANK"

"BORROWER"

FIRST TENNESSEE BANK NATIONAL  
ASSOCIATION

LANDAIR SERVICES, INC.

by: \_\_\_\_\_  
Larry Estepp,  
Regional President

by: \_\_\_\_\_  
Scott M. Niswonger,  
President

"LTI"

LANDAIR TRANSPORT, INC.

by: \_\_\_\_\_  
Eddie R. Brown,  
President

"LIA"

LANDAIR INTERNATIONAL  
AIRLINES, INC.

by: \_\_\_\_\_  
Bruce A. Campbell,  
President

"TPI"

TRANSPORTATION  
PROPERTIES, INC.

by: \_\_\_\_\_  
Bruce A. Campbell,  
President

"FAI"

FORWARD AIR, INC.

by: \_\_\_\_\_  
Bruce A. Campbell,  
President

4

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF LANDAIR SERVICES INC. FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF LANDAIR SERVICES INC. FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<RESTATED>

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<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF LANDAIR SERVICES INC. FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<CURRENCY> U.S. DOLLARS

<S>	<C>
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<FISCAL-YEAR-END>	DEC-31-1997
<PERIOD-START>	JAN-01-1997
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<EPS-DILUTED>	.45

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<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF LANDAIR SERVICES INC. FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<RESTATED>

<MULTIPLIER> 1,000

<CURRENCY> U.S. DOLLARS

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<INCOME-PRETAX>	9,646
<INCOME-TAX>	3,755
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