

October 22, 2007



Forward Air Corporation Reports Third Quarter 2007 Results

GREENEVILLE, Tenn.--(BUSINESS WIRE)--

Forward Air Corporation (NASDAQ:FWRD) today reported results for the third quarter and nine months ended September 30, 2007.

Operating revenue for the quarter ended September 30, 2007 increased 8.1% to \$97.7 million from \$90.4 million for the same quarter in 2006. Income from operations was \$16.9 million, compared with \$19.8 million in the prior-year quarter, a decrease of 14.6%. As a percent of operating revenue, income from operations decreased to 17.3% from 21.9% for the same quarter last year. Net income during the period decreased by \$1.9 million, or 15.5% to \$10.8 million from \$12.7 million in the prior-year quarter. Income per diluted share for the third quarter of 2007 was \$0.36 compared with \$0.41 in the prior-year quarter, a decrease of 12.2%.

Operating revenue for the nine months ended September 30, 2007 increased 7.2% to \$278.2 million from \$259.6 million for the same period in 2006. Income from operations was \$51.1 million, compared with \$56.5 million in the prior-year period, a decrease of 9.7%. As a percent of operating revenue, income from operations decreased to 18.3% for the first nine months of 2007 from 21.8% in 2006. Net income during the period decreased 11.5% to \$32.5 million from \$36.8 million in the prior-year period. Income per diluted share for the first nine months of 2007 was \$1.08 compared with \$1.16 in the prior-year period, a decrease of 6.9%.

Bruce Campbell, President, CEO and Chairman, commented, "As we previously announced, our core airport-to-airport business was impacted by the sluggish freight environment resulting in pressure on both our volumes and pricing yields. Despite these difficult conditions, the Forward Air model continues to work, producing one of the best operating margins in the industry. Our team will continue to work hard to provide our customers the best possible value for their transportation needs while striving to position us for future success."

Commenting further, Mr. Campbell stated, "We continue to make strides in our "Completing the Model" initiatives that we introduced at the beginning of this year, led once again by strong growth in our logistics initiative. Additionally, we are pleased with the progress of our pool distribution initiative driven by our recent acquisition of pool distributor, USA Carriers (soon to be re-branded "Forward Air Solutions"), and we look forward to more progress in this segment as we move forward."

Rodney Bell, Senior Vice President and CFO, commented, "The Company's recently announced \$100 million credit facility will provide us the financial flexibility needed to take

advantage of acquisition opportunities and will continue to enable us to prudently repurchase our company stock."

Segment Information:

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
	In thousands			
Income from Operations:				
Forward Air	\$ 16,437	\$ 19,788	\$ 50,590	\$ 56,511
Forward Air Solutions	467	--	467	--
Total:	\$ 16,904	\$ 19,788	\$ 51,057	\$ 56,511

Review of Financial Results

Forward Air will hold a conference call to discuss third quarter 2007 results on Monday, October 22, 2007, at 6:00 p.m. EDT. The Company's conference call will be available online at www.forwardair.com or by dialing 800-841-9385. A replay of the conference call will be available at www.forwardair.com beginning shortly after the completion of the live call.

About Forward Air

Forward Air is a high-service-level contractor to the air cargo industry providing time-definite ground transportation services through a network of 81 terminals located on or near major airports in the United States and Canada. The Company provides these services as a cost-effective alternative to air transportation of cargo that must be delivered at a specific time but is relatively less time-sensitive than traditional air freight or when air transportation is not economical.

FORWARD AIR CORPORATION
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Operating revenue:				
Forward Air				
Airport-to-airport	\$ 75,671	\$ 77,220	\$ 227,128	\$ 223,118
Logistics	11,785	8,236	30,650	21,964
Other	5,220	4,985	15,399	14,468
Forward Air Solutions				
Pool distribution	5,070	--	5,070	--
Total operating revenue	97,746	90,441	278,247	259,550
Operating expenses:				

Purchased transportation				
Forward Air				
Airport-to-airport	29,779	30,794	90,049	86,214
Logistics	9,255	5,949	23,551	15,726
Other	1,530	1,196	4,303	3,568
Forward Air Solutions				
Pool distribution	720	--	720	--
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Total purchased transportation	41,284	37,939	118,623	105,508
Salaries, wages and employee benefits	22,026	18,385	61,004	55,508
Operating leases	4,474	3,750	12,091	10,619
Depreciation and amortization	2,855	2,083	7,729	6,534
Insurance and claims	1,649	1,556	5,251	4,747
Other operating expenses	8,554	6,940	22,492	20,123
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Total operating expenses	80,842	70,653	227,190	203,039
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Income from operations	16,904	19,788	51,057	56,511
Other income (expense):				
Interest expense	(55)	(17)	(136)	(58)
Other, net	304	793	1,525	2,314
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Total other income	249	776	1,389	2,256
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Income before income taxes	17,153	20,564	52,446	58,767
Income taxes	6,400	7,839	19,925	22,013
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Net income	\$ 10,753	\$ 12,725	\$ 32,521	\$ 36,754
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Net income per share:				
Basic	\$ 0.36	\$ 0.41	\$ 1.09	\$ 1.18
	=====	=====	=====	=====
Diluted	\$ 0.36	\$ 0.41	\$ 1.08	\$ 1.16
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic	29,472	30,863	29,868	31,247
Diluted	29,866	31,235	30,229	31,704

FORWARD AIR CORPORATION
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	September 30, 2007	December 31, 2006 (a)
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Assets:		
Current assets:		
Cash	\$ 8,306	\$ 8,231
Short-term investments	10,600	61,650
Accounts receivable, net	55,665	48,486
Other current assets	6,073	9,196
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Total current assets	80,644	127,563

Property and equipment	152,044	101,190
Less accumulated depreciation and amortization	52,675	47,875
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Total property and equipment, net	99,369	53,315
Goodwill and other acquired intangibles:		
Goodwill	15,588	15,588
Other acquired intangibles, net	18,925	10,731
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Total goodwill and other acquired intangibles	34,513	26,319
Other assets	1,438	5,817
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Total assets	\$ 215,964	\$ 213,014
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Liabilities and Shareholders' Equity:

Current liabilities:

Accounts payable	\$ 9,689	\$ 7,949
Accrued expenses	10,780	11,144
Current portion of debt and capital lease obligations	859	40
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Total current liabilities	21,328	19,133
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Debt and capital lease obligations, less current portion	983	796
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Other long-term liabilities	3,370	1,271
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Deferred income taxes	7,457	6,587
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Shareholders' equity:

Common stock	295	304
Additional paid in capital	1,896	--
Retained earnings	180,635	184,923
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Total shareholders' equity	182,826	185,227
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Total liabilities and shareholders' equity	\$ 215,964	\$ 213,014
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(a) Taken from audited financial statements, which are not presented in their entirety.

FORWARD AIR CORPORATION
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended	
	September	September
	30,	30,
	2007	2006
	-----	-----
Operating activities:		
Net income	\$ 32,521	\$ 36,754
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,729	6,534
Share-based compensation	2,429	923
Gain on sale of property and equipment	(215)	(143)
Provision for (recovery) loss on receivables	(23)	134
Provision for revenue adjustments	1,801	1,571
Deferred income taxes	1,212	66
Tax benefit of stock options exercised	(362)	(1,549)

Changes in operating assets and liabilities, net of acquired assets and liabilities:		
Accounts receivable	(6,727)	(9,153)
Prepaid expenses and other current assets	3,913	51
Accounts payable and accrued expenses	1,478	2,985
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Net cash provided by operating activities	43,756	38,173
Investing activities:		
Proceeds from disposal of property and equipment	327	3,275
Purchases of property and equipment	(44,613)	(9,914)
Deposits in escrow for construction of facilities	--	(4,793)
Acquisition of business, net of cash acquired	(12,983)	--
Proceeds from sales or maturities of available-for-sale securities	133,310	193,905
Purchases of available-for-sale securities	(82,260)	(175,705)
Other	(881)	42
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Net cash (used in) provided by investing activities	(7,100)	6,810
Financing activities:		
Payments of capital lease obligations	(207)	(28)
Payments on line of credit	--	(1,504)
Proceeds from exercise of stock options	881	4,231
Payments of cash dividends	(6,293)	(6,548)
Common stock issued under employee stock purchase plan	138	115
Repurchase of common stock	(31,220)	(38,774)
Cash settlement of share-based awards for minimum tax withholdings	(242)	--
Tax benefit of stock options exercised	362	1,549
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Net cash used in financing activities	(36,581)	(40,959)
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Net increase in cash	75	4,024
Cash at beginning of period	8,231	332
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Cash at end of period	\$ 8,306	\$ 4,356
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Important Information

This press release contains "forward-looking statements," as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or our future financial performance. Some forward-looking statements may be identified by use of such terms as "believes," "anticipates," "intends," "plans," "estimates," "projects" or "expects." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the forward-looking statements: economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, our inability to maintain our historical growth rate because of a decreased volume of freight moving through our network or decreased average revenue per

pound of freight moving through our network, increasing competition and pricing pressure, surplus inventories, loss of a major customer, the creditworthiness of our customers and their ability to pay for services rendered, our ability to secure terminal facilities in desirable locations at reasonable rates, the inability of our information systems to handle an increased volume of freight moving through our network, changes in fuel prices, claims for property damage, personal injuries or workers' compensation, employment matters including rising health care costs, enforcement of and changes in governmental regulations, environmental and tax matters, the handling of hazardous materials, the availability and compensation of qualified independent owner-operators and freight handlers needed to serve our transportation needs and our inability to successfully integrate acquisitions. As a result of the foregoing, no assurance can be given as to future financial condition, cash flows or results of operations. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Source: Forward Air Corporation