

SAIA INC
Form 10-Q
July 30, 2010

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010
OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
Commission file number: 0-49983**

SAIA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

48-1229851
(I.R.S. Employer
Identification No.)

11465 Johns Creek Parkway, Suite 400
Johns Creek, GA
(Address of principal
executive offices)

30097
(Zip Code)

(770) 232-5067

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.45 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock	Outstanding Shares at July 30, 2010
Common Stock, par value \$.001 per share	15,881,553

**SAIA, INC. AND SUBSIDIARY
INDEX**

	PAGE
PART I. FINANCIAL INFORMATION	
<u>ITEM 1: Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets</u> <u>June 30, 2010 and December 31, 2009</u>	3
<u>Condensed Consolidated Statements of Operations</u> <u>Quarter and Six months ended June 30, 2010 and 2009</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u> <u>Six months ended June 30, 2010 and 2009</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6-7
<u>ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	8-16
<u>ITEM 3: Quantitative and Qualitative Disclosures About Market Risk</u>	16-17
<u>ITEM 4: Controls and Procedures</u>	17-18
PART II. OTHER INFORMATION	
<u>ITEM 1: Legal Proceedings</u>	19
<u>ITEM 1A: Risk Factors</u>	19
<u>ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds</u>	19
<u>ITEM 3: Defaults Upon Senior Securities</u>	20
<u>ITEM 4: (Removed and Reserved)</u>	20
<u>ITEM 5: Other Information</u>	20
<u>ITEM 6: Exhibits</u>	20
<u>Signature</u>	21
<u>Exhibit Index</u>	E-1
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	
<u>EX-32.2</u>	

Table of Contents**Item 1. Financial Statements**

Saia, Inc. and Subsidiary
Condensed Consolidated Balance Sheets
(in thousands, except share data)
(unaudited)

	June 30, 2010	December 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	\$ 13,629	\$ 8,746
Accounts receivable, net	101,435	87,507
Prepaid expenses, including prepaid interest and fees of \$4,096 and \$6,998 in 2010 and 2009, and other	37,679	38,300
Total current assets	152,743	134,553
Property and Equipment, at cost	613,202	615,803
Less-accumulated depreciation	308,422	292,443
Net property and equipment	304,780	323,360
Identifiable Intangibles, net	2,035	2,266
Other Noncurrent Assets	5,720	6,247
Total assets	\$ 465,278	\$ 466,426
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 48,106	\$ 46,997
Wages, vacation and employees' benefits	22,379	18,793
Other current liabilities	32,420	36,981
Current portion of long-term debt	8,571	
Total current liabilities	111,476	102,771
Other Liabilities:		
Long-term debt, less current portion	81,429	90,000
Deferred income taxes	41,867	41,867
Claims, insurance and other	27,897	29,107
Total other liabilities	151,193	160,974
Commitments and Contingencies		
Shareholders' Equity:		
Preferred stock, \$0.001 par value, 50,000 shares authorized, none issued and outstanding		
Common stock, \$0.001 par value, 50,000,000 shares authorized, 15,881,553 and 15,867,280 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively	16	16

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Additional paid-in-capital	202,204	201,041
Deferred compensation trust, 169,254 and 168,360 shares of common stock at cost at June 30, 2010 and December 31, 2009, respectively	(2,729)	(2,737)
Retained earnings	3,118	4,361
Total shareholders' equity	202,609	202,681
Total liabilities and shareholders' equity	\$ 465,278	\$ 466,426

See accompanying notes to condensed consolidated financial statements.

3

Table of Contents

Saia, Inc. and Subsidiary
Condensed Consolidated Statements of Cash Flows
For the six months ended June 30, 2010 and 2009
(in thousands)
(unaudited)

	Six Months	
	2010	2009
Operating Activities:		
Net Loss	\$ (1,243)	\$ (8,036)
Noncash items included in net loss:		
Depreciation and amortization	18,527	20,022
Other, net	1,797	(98)
Changes in operating assets and liabilities, net	(14,032)	(2,154)
Net cash provided by operating activities	5,049	9,734
Investing Activities:		
Acquisition of property and equipment	(560)	(4,949)
Proceeds from disposal of property and equipment	337	584
Net cash used in investing activities	(223)	(4,365)
Financing Activities:		
Proceeds from stock option exercises	57	
Repayment of long-term debt		(20,250)
Payment of debt issuance costs		(1,758)
Net cash provided by (used in) financing activities	57	(22,008)
Net Increase (Decrease) in Cash and Cash Equivalents	4,883	(16,639)
Cash and cash equivalents, beginning of period	8,746	27,061
Cash and cash equivalents, end of period	\$ 13,629	\$ 10,422

See accompanying notes to condensed consolidated financial statements.

Table of Contents

Saia, Inc. and Subsidiary

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Saia, Inc. and its wholly owned regional transportation subsidiary, Saia Motor Freight Line, LLC (together, the Company or Saia). All significant intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared by the Company without audit by the independent registered public accounting firm. In the opinion of management, all normal recurring adjustments necessary for a fair presentation of the consolidated statements of the financial position, results of operations and cash flows for the interim periods included herein have been made. These interim financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information, the instructions to Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted from these statements. The accompanying condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2009. Operating results for the quarter and six months ended June 30, 2010 are not necessarily indicative of the results of operations that may be expected for the year ended December 31, 2010.

Business

The Company provides regional and interregional less-than-truckload (LTL) services and selected longer haul LTL, along with limited TL guaranteed and expedited service solutions to a broad base of customers across the United States through its wholly owned subsidiary, Saia Motor Freight Line, LLC (Saia Motor Freight).

New Accounting Pronouncements

There are no new accounting pronouncements pending adoption as of June 30, 2010 which the Company believes would have a significant impact on its condensed consolidated financial statements.

Table of Contents**(2) Computation of Earnings (Loss) Per Share**

The calculation of basic earnings (loss) per common share and diluted earnings (loss) per common share was as follows (in thousands, except per share amounts):

	Second Quarter		Six Months	
	2010	2009	2010	2009
Numerator:				
Net income (loss)	\$ 1,980	\$ (1,747)	\$ (1,243)	\$ (8,036)
Denominator:				
Denominator for basic earnings (loss) per share weighted average common shares	15,703	13,344	15,700	13,345
Effect of dilutive stock options	60			
Effect of other common stock equivalents	361			
Denominator for diluted earnings (loss) per share adjusted weighted average common shares	16,124	13,344	15,700	13,345
Basic Earnings (Loss) Per Share	\$ 0.13	\$ (0.13)	\$ (0.08)	\$ (0.60)
Diluted Earnings (Loss) Per Share	\$ 0.12	\$ (0.13)	\$ (0.08)	\$ (0.60)

Due to the net loss for the six months ended June 30, 2010, options and other common stock equivalents of 410,860 shares, which would have been dilutive, were excluded from the calculation of diluted loss per share. For the quarter and six months ended June 30, 2009, respectively, options and other common stock equivalents for 478,733 and 456,994 shares would have been excluded from the calculation of diluted earnings per share if the Company had net earnings because their effect would have been anti-dilutive.

(3) Commitments and Contingencies

California Labor Code Litigation. The Company is a defendant in a lawsuit originally filed in July 2007 in California state court on behalf of California dock workers alleging various violations of state labor laws. In August 2007, the case was removed to the United States District Court for the Central District of California. The claims include the alleged failure of the Company to provide rest and meal breaks and the alleged failure to reimburse the employees for the cost of work shoes, among other claims. In January 2008, the parties negotiated a conditional class-wide settlement under which the Company would pay \$0.8 million to settle these claims. This pre-certification settlement is subject to court approval. In March 2008, the District Court denied preliminary approval and the named Plaintiff filed a petition with the United States Court of Appeal for the Ninth Circuit seeking permission to appeal this ruling. The petition was granted and the appeal is now pending. The proposed settlement is reflected as a liability of \$0.8 million at June 30, 2010 and December 31, 2009.

Other. The Company is subject to legal proceedings that arise in the ordinary course of its business. In the opinion of management, the aggregate liability, if any, with respect to these actions will not have a material adverse effect on our consolidated financial position but could have a material adverse effect on the results of operations in a quarter or annual period.

(4) Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair value as of June 30, 2010 and December 31, 2009 because of the

relatively short maturity of these instruments. Based on the borrowing rates currently available to the Company for debt with similar terms and remaining maturities, the estimated fair value of total debt at June 30, 2010 and December 31, 2009 is \$105.4 million and \$88.8 million, respectively, based upon level two in the fair value hierarchy.

Table of Contents**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

This management's discussion and analysis should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and our 2009 audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. Those financial statements include additional information about our significant accounting policies, practices and the transactions that underlie our financial results.

Forward-Looking Statements

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand the future prospects of a company and make informed investment decisions. This Quarterly Report on Form 10-Q contains these types of statements, which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as anticipate, estimate, expect, project, intend, may, plan, predict, believe, should and similar words or expressions are intended to identify forward-looking statements. Investors should not place undue reliance on forward-looking statements, and the Company undertakes no obligation to publicly update or revise any forward-looking statements. All forward-looking statements reflect the present expectation of future events of our management and are subject to a number of important factors, risks, uncertainties and assumptions that could cause actual results to differ materially from those described in any forward-looking statements. These factors and risks include, but are not limited to, general economic conditions including downturns in the business cycle; the creditworthiness of our customers and their ability to pay for services; competitive initiatives and pricing pressures, including in connection with fuel surcharge; the Company's need for capital and uncertainty of the current credit markets; the possibility of defaults under the Company's debt agreements (including violation of financial covenants); possible issuance of equity which would dilute stock ownership; indemnification obligations associated with the 2006 sale of Jevic Transportation, Inc.; the effect of on-going litigation including class action lawsuits; cost and availability of qualified drivers, fuel, purchased transportation, property, revenue equipment and other operating assets; governmental regulations, including but not limited to hours of service, engine emissions, CSA 2010, a new carrier safety measurement, compliance with legislation requiring companies to evaluate their internal control over financial reporting, changes in interpretation of accounting principles and Homeland Security; dependence on key employees; inclement weather; labor relations, including the adverse impact should a portion of the Company's workforce become unionized; effectiveness of company-specific performance improvement initiatives; terrorism risks; self-insurance claims and other expense volatility; increased cost as a result of recently enacted healthcare reform legislation and other financial, operational and legal risks and uncertainties detailed from time to time in the Company's SEC filings. These factors and risks are described in Item 1A Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2009, as updated by Item 1A of this Quarterly Report or Form 10-Q.

As a result of these and other factors, no assurance can be given as to our future results and achievements.

Accordingly, a forward-looking statement is neither a prediction nor a guarantee of future events or circumstances and those future events or circumstances may not occur. You should not place undue reliance on the forward-looking statements which speak only as of the date of this Quarterly Report on Form 10-Q. The Company is under no obligation, and the Company expressly disclaims any obligation, to update or alter any forward-looking statements whether as a result of new information, future events or otherwise.

Executive Overview

The Company's business is highly correlated to non-service sectors of the general economy. The Company's priorities are focused on increasing volume within existing geographies while managing both the mix and yield of business to achieve increased profitability. The Company's business is labor intensive, capital intensive and service sensitive. The Company looks for opportunities to improve cost effectiveness, safety and asset utilization (primarily tractors and trailers). Throughout 2009, the pricing environment became more challenging due to overcapacity in the industry which negatively impacted yield. While improved, the challenging macro-economic environment remains. The Company plans on implementing prudent pricing decisions to improve yield and profitability, executing targeted sales and marketing programs, and continuing to focus on initiatives to align costs with volumes. Technology continues to be important in supporting service to our customers, operating management and yield.

Table of Contents

The Company's operating revenue increased by 5.9 percent in the second quarter of 2010 compared to the same period in 2009. The increase resulted primarily from increases in tonnage, improved yield from pricing actions and higher fuel surcharge.

Consolidated operating income was \$5.9 million for the second quarter of 2010 compared to consolidated operating loss of \$0.4 million in the second quarter of 2009. In the second quarter of 2010, LTL tonnage was up 1.6 percent versus the prior-year quarter. Earnings per share were \$0.12 in the second quarter of 2010. This compares to loss per share of \$0.13 in the prior-year quarter. The operating ratio (operating expenses divided by operating revenue) was 97.5 percent in the second quarter of 2010. This compares to 100.2 percent in the second quarter of 2009.

The Company generated \$5.0 million in cash provided by operating activities through the first six months of the year compared with cash provided in the amount of \$9.7 million in the prior-year period. The Company had net cash used in investing activities of \$0.2 million during the first six months of 2010 for the purchase of property and equipment compared to \$4.4 million in the first six months of 2009. The Company's cash provided by financing activities during the first six months of 2010 was less than \$0.1 million compared to cash used in financial activities of \$20.3 million for debt repayments and \$1.8 million for debt issuance costs in the first six months of 2009. The Company had no borrowings under its revolving credit agreement, outstanding letters of credit of \$55.1 million and cash and cash equivalents balance of \$13.6 million as of June 30, 2010. The Company was in compliance with its debt covenants at June 30, 2010.

General

The following management's discussion and analysis describes the principal factors affecting the results of operations, liquidity and capital resources, as well as the critical accounting policies of Saia, Inc. (also referred to as Saia or the Company).

The Company is an asset-based transportation company based in Johns Creek, Georgia providing regional and interregional LTL services and selected longer haul LTL along with limited TL, guaranteed and expedited service solutions to a broad base of customers across the United States through its wholly owned subsidiary, Saia Motor Freight Line, LLC.

Our business is highly correlated to non-service sectors of the general economy. It also is impacted by a number of other factors discussed under "Forward Looking Statements" and "Item 1A Risk Factors". The key factors that affect our operating results are the volumes of shipments transported through our network, as measured by our average daily shipments and tonnage; the prices we obtain for our services, as measured by revenue per hundredweight (a measure of yield) and average revenue per shipment; our ability to manage our cost structure for capital expenditures and operating expenses such as salaries, wages and benefits; purchased transportation; claims and insurance expense; fuel and maintenance; and our ability to match operating costs to shifting volume levels. Fuel surcharges have remained in effect for several years and are a significant component of revenue and pricing. Fuel surcharges are a more integral part of annual customer contract renewals, blurring the distinction between base price increases and recoveries under the fuel surcharge program.

Table of Contents

For the six months ended June 30, 2010, operating revenues were \$443.6 million up 4.5 percent from \$424.5 million for the six months ended June 30, 2009 primarily due to increased tonnage and higher fuel surcharge.

Operating expenses and operating income (loss)

Consolidated operating income of \$5.9 million in the second quarter of 2010, compared to operating loss of \$0.4 million in the prior year quarter, was impacted by increased tonnage and cost reductions. The second quarter 2010 operating ratio (operating expenses divided by operating revenue) was 97.5 compared to 100.2 for the same period in 2009. Salaries, wages and benefit expense decreased \$4.3 million due to gains in productivity and decreased health insurance costs. Higher fuel prices and fuel volumes resulted in \$8.2 million of the increase in fuel, operating expenses and supplies with the majority of the remaining increase due to higher maintenance costs. Claims and insurance in the second quarter of 2010 was \$3.7 million less than the second quarter of 2009 reflecting favorable trends in the severity of accidents and reduced cargo claims. Purchased transportation expenses increased \$4.5 million reflecting increased utilization due to higher volumes and adjustment to changes in freight flow.

The Company implemented reductions-in-force during the first and fourth quarters of 2009 to bring the Company's workforce in line with business levels and a reduced outlook. The Company suspended its 401(k) match effective February 1, 2009. On April 1, 2009, the Company implemented a compensation reduction equal to 10 percent of salary for the Company's leadership team, five percent for hourly, linehaul and salaried employees in operations, maintenance and administration and 10 percent in the annual retainer and meeting fees paid to the non-employee members of the Company's Board of Directors. This reduction is now reflected in both the current quarter and the same quarter last year.

For the six months ended June 30, 2010, operating income was \$3.7 million with an operating ratio of 99.2 percent compared to an operating loss of \$7.9 million with an operating ratio of 101.8 percent for the six months ended June 30, 2009. The reductions-in-force and the first quarter 2010 impact of the 2009 wage reductions described above, along with productivity improvement initiatives and decreased health insurance costs, resulted in a \$14.4 million decrease in salaries, wages and benefit expense for the six months ended June 30, 2010. Higher fuel prices and fuel volumes resulted in \$16.7 million of the increase in fuel, operating expenses and supplies with the majority of the remaining increase due to higher maintenance costs. Claims and insurance decreased \$6.2 million for the six month period due to favorable trends in the severity of accidents incurred and reduced cargo claims. Purchased transportation expenses increased \$8.1 million due to increased utilization as a result of increased tonnage and adjustments to changes in freight flow.

Other

Substantially all non-operating expenses represent interest expense. The effective tax rate was 36.7 percent for the quarter ended June 30, 2010 compared to 38.4 percent for the quarter ended June 30, 2009 reflecting the impact of forecasted earnings for 2010 and reduced tax credits. Fluctuations in the Company's forecasted results for 2010 could potentially have a significant impact on the Company's effective tax rate for an interim period.

Net income was \$2.0 million, or \$0.12 diluted per share, in the second quarter of 2010 compared to a net loss of \$1.7 million, or \$0.13 per share, in the second quarter of 2009. Net loss was \$1.2 million or \$0.08 per share in the first six months of 2010 compared to a net loss of \$8.0 million or \$0.60 per share in the first six months of 2009. Due to the equity issuance of 2.3 million shares in December 2009, the number of shares outstanding has increased to 15.7 million for the second quarter compared to 13.3 million for prior year quarter. This change impacts the comparative earnings per share calculation.

Working capital/capital expenditures

Working capital at June 30, 2010 was \$41.3 million which increased from working capital at June 30, 2009 of \$11.6 million. This increase was due to a decrease in accrued wages, vacation and employee benefits of \$17.4 million, other accrued liabilities of \$6.4 million and a decrease of \$8.9 million due to the current portion of long-term debt. Cash flows provided by operating activities were \$5.0 million for the six months ended June 30, 2010 versus \$9.7 million provided by operating activities for the six months ended June 30, 2009. For the six months ended June 30, 2010, cash used in investing activities was \$0.2 million versus \$4.4 million in the prior-year period, due to lower property and equipment purchases. For the six months ended June 30, 2010, cash provided by financing activities was less than \$0.1 million versus \$22.0 million of cash used in financing activities in the prior-year period.

The

rate on the Senior Notes will increase to 9.75% in the first quarter of 2011. The interest rate

Table of Contents

	Amount of commitment expiration by year						Total
	2010	2011	2012	2013	2014	Thereafter	
Other commercial commitments:							
Available line of credit (1)	\$	\$	\$	\$ 64.9	\$	\$	\$ 64.9
Letters of credit	45.8	11.0					56.8
Surety bonds	2.5	2.6					5.1
Total commercial commitments	\$ 48.3	\$ 13.6	\$	\$ 64.9	\$	\$	\$ 126.8

(1) Subject to the satisfaction of existing debt covenants and borrowing base requirements.

The Company has unrecognized tax benefits of approximately \$2.9 million and accrued interest and penalties of \$1.2 million related to the unrecognized tax benefits as of June 30, 2010. The Company cannot reasonably estimate the timing of cash settlement with respective taxing authorities beyond one year and accordingly has not included the amounts within the above contractual cash obligation and other commercial commitment tables.

The Company sold the stock of Jevic Transportation, Inc. (Jevic) on June 30, 2006 and remains a guarantor under indemnity agreements, primarily with certain insurance underwriters with respect to Jevic's self-insured retention (SIR) obligation for workers' compensation, bodily injury and property damage and general liability claims against Jevic arising out of occurrences prior to the transaction date. The SIR obligation was estimated to be approximately \$15.3 million as of the June 30, 2006 transaction date. In connection with the transaction, Jevic provided collateral in the form of a \$15.3 million letter of credit with a third party bank in favor of the Company. The amount of the letter of credit was reduced to \$13.2 million following draws by the Company on the letter of credit to fund the SIR portion of settlements of claims against Jevic arising prior to the transaction date. Jevic filed bankruptcy in May 2008 and the Company recorded liabilities for all residual indemnification obligations in claims, insurance and other current liabilities, based on the estimates of the indemnification obligations as of June 30, 2008. The income statement impact of \$0.9 million, net of taxes, was reflected as discontinued operations in the second quarter of 2008.

In September 2008, the Company entered into a settlement agreement with the debtors of Jevic, which was approved by the bankruptcy court, under which the Company assumed Jevic's SIR obligation on the workers' compensation, bodily injury and property damage, and general liability claims arising prior to the transaction date in exchange for the draw by the Company of the entire \$13.2 million remaining on the Jevic letter of credit and a payment by the Company to the bankruptcy estate of \$750,000. In addition, the settlement agreement included a mutual release of claims, except for the Company's responsibility to Jevic for certain outstanding tax liabilities in the states of New York and New Jersey for the periods prior to the transaction date and for any potential fraudulent conveyance claims. The income statement impact of the September 2008 settlement of \$0.1 million, net of taxes, was reflected as discontinued operations in the third quarter of 2008 and includes a \$0.3 million net reduction in the liability for unrecognized tax benefits related to Jevic. In 2009, the Company recorded an adjustment of \$1.2 million, net of taxes to the assumed SIR obligations as a result of reduction in the required reserve for claims incurred but not reported and was reflected as discontinued operations.

Critical Accounting Policies and Estimates

The Company makes estimates and assumptions in preparing the consolidated financial statements that affect reported amounts and disclosures therein. In the opinion of management, the accounting policies that generally have the most significant impact on the financial position and results of operations of the Company include:

Claims and Insurance Accruals. The Company has self-insured retention limits generally ranging from \$250,000 to \$2.0 million per claim for medical, workers' compensation, auto liability, casualty and cargo claims. For the policy year March 2003 through February 2004 only, the Company has an aggregate exposure limited to an additional \$2.0 million above its \$1.0 million per claim deductible under its auto liability program. The liabilities associated with the risk retained by the Company are estimated in part based on historical experience, third-party actuarial analysis with respect to workers' compensation claims, demographics, nature and severity, past experience and other assumptions. The liabilities for self-funded retention are included in claims and insurance reserves based on claims incurred with liabilities for

Table of Contents

unsettled claims and claims incurred but not yet reported being actuarially determined with respect to workers compensation claims and with respect to all other liabilities, estimated based on management's evaluation of the nature and severity of individual claims and historical experience. However, these estimated accruals could be significantly affected if the actual costs of the Company differ from these assumptions. A significant number of these claims typically take several years to develop and even longer to ultimately settle. These estimates tend to be reasonably accurate over time; however, assumptions regarding severity of claims, medical cost inflation, as well as specific case facts can create short-term volatility in estimates.

Revenue Recognition and Related Allowances. Revenue is recognized on a percentage-of-completion basis for shipments in transit while expenses are recognized as incurred. In addition, estimates included in the recognition of revenue and accounts receivable include estimates of shipments in transit and estimates of future adjustments to revenue and accounts receivable for billing adjustments and collectability.

Revenue is recognized in a systematic process whereby estimates of shipments in transit are based upon actual shipments picked up, scheduled day of delivery and current trend in average rates charged to customers. Since the cycle for pick up and delivery of shipments is generally 1-3 days, typically less than 5 percent of a total month's revenue is in transit at the end of any month. Estimates for credit losses and billing adjustments are based upon historical experience of credit losses, adjustments processed and trends of collections. Billing adjustments are primarily made for discounts and billing corrections. These estimates are continuously evaluated and updated; however, changes in economic conditions, pricing arrangements and other factors can significantly impact these estimates.

Depreciation and Capitalization of Assets. Under the Company's accounting policy for property and equipment, management establishes appropriate depreciable lives and salvage values for the Company's revenue equipment (tractors and trailers) based on their estimated useful lives and estimated fair values to be received when the equipment is sold or traded in. These estimates are routinely evaluated and updated when circumstances warrant. However, actual depreciation and salvage values could differ from these assumptions based on market conditions and other factors.

Equity-based Incentive Compensation. The Company maintains long-term incentive compensation arrangements in the form of stock options, restricted stock and stock-based awards. The criteria for the stock-based awards are total shareholder return versus a peer group of companies over a three-year performance period. As required by the Compensation-Stock Compensation Topic of FASB ASC 718 the Company accounts for its stock-based awards with the expense amortized over the three-year vesting period based on the Monte Carlo fair value method at the date the stock-based awards are granted. The Company accounts for stock options in accordance with FASB ASC 718 with option expense amortized over the three-year vesting period based on the Black-Scholes-Merton fair value at the date the options are granted. See discussion of adoption of FASB ASC 718 Note 9 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

These accounting policies and others are described in further detail in the notes to our audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to adopt accounting policies and make significant judgments and estimates to develop amounts reflected and disclosed in the consolidated financial statements. In many cases, there are alternative policies or estimation techniques that could be used. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare the consolidated financial statements. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to a variety of market risks including the effects of interest rates and fuel prices. The detail of the Company's debt structure is more fully described in the notes to the consolidated financial statements set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. To help mitigate our risk to rising fuel prices, the Company has implemented a fuel surcharge program. This program is well

Table of Contents

established within the industry and customer acceptance of fuel surcharges remains high. Since the amount of the fuel surcharge is based on average national fuel prices and is reset weekly, exposure of the Company to fuel price volatility is significantly reduced. However, the fuel surcharge may not fully offset fuel price fluctuations during periods of rapid increases or decreases in the price of fuel and is also subject to overall competitive pricing negotiations.

The following table provides information about the Company's third-party financial instruments as of June 30, 2010. The table presents principal cash flows (in millions) and related weighted average interest rates by contractual maturity dates. The fair value of the fixed rate debt was estimated based upon the borrowing rates currently available to the Company for debt with similar terms and remaining maturities.

	Expected maturity date						2010	Fair Value
	2010	2011	2012	2013	2014	Thereafter	Total	
Fixed rate debt		\$17.1	\$22.1	\$22.1	\$ 7.1	\$21.6	\$90.0	\$105.4
Average interest rate	7.38%	7.13%	6.93%	6.98%	6.78%	6.16%		
Variable rate debt								
Average interest rate								

Item 4. Controls and Procedures*Quarterly Controls Evaluation and Related CEO and CFO Certifications*

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Company conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (Disclosure Controls). The controls evaluation was performed under the supervision and with the participation of management, including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

Based upon the controls evaluation, the Company's CEO and CFO have concluded that, subject to the limitations noted below, as of the end of the period covered by this Quarterly Report on Form 10-Q, the Company's Disclosure Controls are effective to ensure that information the Company is required to disclose in reports that the Company files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

During the period covered by this Quarterly Report on Form 10-Q, there were no changes in internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, the Company's internal control over financial reporting.

Attached as Exhibits 31.1 and 31.2 to this Quarterly Report on Form 10-Q are certifications of the CEO and the CFO, which are required in accordance with Rule 13a-14 of the Exchange Act. This Controls and Procedures section includes the information concerning the controls evaluation referred to in the certifications and it should be read in conjunction with the certifications.

Definition of Disclosure Controls

Disclosure Controls are controls and procedures designed to ensure that information required to be disclosed in the Company's reports filed under the Exchange Act is recorded, processed, summarized and reported timely. Disclosure Controls are also designed to ensure that such information is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The Company's Disclosure Controls include components of its internal control over financial reporting which consists of control processes designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles.

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that its Disclosure Controls or its internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if

Table of Contents

any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Table of Contents**PART II. OTHER INFORMATION**

Item 1. Legal Proceedings For a description of all material pending legal proceedings, see Note 3 of the accompanying consolidated financial statements.

Item 1A. Risk Factors Risk Factors are described in Item 1A Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2009 and there have been no material changes.

The recently enacted legislation on healthcare reform and proposed amendments thereto could impact the healthcare benefits required to be provided by the Company and cause our compensation costs to increase, adversely affecting our results and cash flows.

The recently enacted healthcare legislation and proposed amendments thereto contain provisions which could materially impact the future healthcare costs of the Company. While the legislation's ultimate impact is not yet known, it is possible that these changes could significantly increase our compensation costs which would adversely affect our results and cash flows.

Comprehensive Safety Analysis 2010 (CSA 2010) could adversely affect our results and ability to maintain or grow our fleet.

Under CSA 2010, a new carrier safety measurement mandated by the Federal Motor Carrier Safety Administration, drivers and fleets will be evaluated and ranked based on certain safety-related standards. While the ultimate impact of this new carrier safety measurement is not yet known, it is possible that these new measurements could adversely impact our ability to attract and retain drivers which would adversely affect our results and cash flows.

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

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased under the Plans or Programs
April 1, 2010 through April 30, 2010	(2)	\$ (2)		\$
May 1, 2010 through May 31, 2010	1,000(3)	14.61(3)		
June 1, 2010 through June 30, 2010	(4)	(4)		
Total	1,000			

(1) Shares purchased by the Saia, Inc. Executive Capital Accumulation

Plan were open
market purchases.
For more
information on the
Saia Executive
Capital
Accumulation
Plan see the
Registration
Statement on
Form S-8
(No. 333-155805)
filed on
December 1,
2008.

- (2) The Saia, Inc.
Executive Capital
Accumulation
Plan sold 1,300
shares of Saia
stock on the open
market at \$16.21
during the period
of April 1, 2010
through April 30,
2010.
- (3) The Saia, Inc.
Executive Capital
Accumulation
Plan sold 816
shares of Saia
stock at \$16.20 on
the open market
during the period
of May 1, 2010
through May 31,
2010.
- (4) The Saia, Inc.
Executive Capital
Accumulation
Plan had no sales
of Saia stock on
the open market
during the period
of June 1, 2010
through June 30,
2010.

Table of Contents

Item 3. Defaults Upon Senior Securities None

Item 4. (Removed and Reserved)

Item 5. Other Information None

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Restated Certificate of Incorporation of Saia, Inc. as amended (incorporated herein by reference to Exhibit 3.1 of Saia, Inc. s Form 8-K (File No. 0-49983) filed on July 26, 2006).
3.2	Amended and Restated By-laws of Saia, Inc. (incorporated herein by reference to Exhibit 3.1 of Saia, Inc. s Form 8-K (File No. 0-49983) filed on July 29, 2008).
4.1	Rights Agreement between Saia, Inc. and Mellon Investor Services LLC dated as of September 30, 2002 (incorporated herein by reference to Exhibit 4.1 of Saia, Inc. s Form 10-Q (File No. 0-49983) for the quarter ended September 30, 2002).
31.1	Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-15(e).
31.2	Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-15(e).
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Table of Contents

SIGNATURE

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.

SAIA, INC.

Date: July 30, 2010

/s/ James A. Darby
James A. Darby
Vice President of Finance and
Chief Financial Officer
21

Table of Contents

EXHIBIT INDEX

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3.2	Amended and Restated Bylaws of Saia, Inc. (incorporated herein by reference to Exhibit 3.2 of Saia, Inc. s Form 8-K (File No. 0-49983) filed on July 29, 2008).
4.1	Rights Agreement between Saia, Inc. and Mellon Investor Services LLC dated as of September 30, 2002 (incorporated herein by reference to Exhibit 4.1 of Saia, Inc. s Form 10-Q (File No. 0-49983) for the quarter ended September 30, 2002).
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E-1