SAIA INC
Form 10-Q
July 30, 2010

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

# FORM 10-Q

**(Mark One)**

þ **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**

o **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** | **48-1229851** |
|---|---|
| (State of incorporation) | (I.R.S. Employer Identification No.) |
| **11465 Johns Creek Parkway, Suite 400**<br>**Johns Creek, GA** | **30097** |
| (Address of principal executive offices) | (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 þ No o
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 o No o
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 o | Accelerated filer þ | Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller reporting company o |
|---|---|---|---|

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

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**
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**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 |

| | | |
|---|---|---|
| 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.

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**Saia, Inc. and Subsidiary**
**Condensed Consolidated Statements of Operations**
**For the quarter and six months ended June 30, 2010 and 2009**
**(in thousands, except per share data)**
**(unaudited)**

| | Second Quarter | | Six Months | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| **Operating Revenue** | $ 231,342 | $ 218,433 | $ 443,566 | $ 424,535 |
| **Operating Expenses:** | | | | |
| Salaries, wages and employees benefits | 121,421 | 125,679 | 238,885 | 253,314 |
| Purchased transportation | 22,011 | 17,505 | 39,446 | 31,366 |
| Fuel, operating expenses and supplies | 58,380 | 47,734 | 114,282 | 93,220 |
| Operating taxes and licenses | 9,173 | 8,862 | 18,387 | 17,852 |
| Claims and insurance | 5,411 | 9,063 | 10,496 | 16,674 |
| Depreciation and amortization | 9,222 | 9,991 | 18,527 | 20,022 |
| Operating gains, net | (150) | (2) | (206) | (61) |
| Total operating expenses | 225,468 | 218,832 | 439,817 | 432,387 |
| **Operating Income (Loss)** | 5,874 | (399) | 3,749 | (7,852) |
| **Nonoperating Expenses:** | | | | |
| Interest expense | 2,685 | 2,514 | 5,758 | 5,316 |
| Other, net | 63 | (75) | (252) | (54) |
| Nonoperating expenses, net | 2,748 | 2,439 | 5,506 | 5,262 |
| **Income (Loss) Before Income Taxes** | 3,126 | (2,838) | (1,757) | (13,114) |
| **Income Tax Provision (Benefit)** | 1,146 | (1,091) | (514) | (5,078) |
| **Net Income (Loss)** | $ 1,980 | $ (1,747) | $ (1,243) | $ (8,036) |
| Weighted average common shares outstanding basic | 15,703 | 13,344 | 15,700 | 13,345 |
| Weighted average common shares outstanding diluted | 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) |

See accompanying notes to condensed consolidated financial statements.

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**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.

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**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.

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**(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.

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**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-l 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.

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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.

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**Results of Operations**

**Saia, Inc. and Subsidiary**
**Selected Results of Operations and Operating Statistics**
**For the quarters ended June 30, 2010 and 2009**
**(in thousands, except ratios and revenue per hundredweight)**
**(unaudited)**

| | 2010 | 2009 | Percent Variance 10 v. 09 |
|---|---|---|---|
| Operating Revenue | $231,342 | $218,433 | 5.9 |
| Operating Expenses: | | | |
| Salaries, wages and employees benefits | 121,421 | 125,679 | (3.4) |
| Purchased transportation | 22,011 | 17,505 | 25.7 |
| Depreciation and amortization | 9,222 | 9,991 | (7.7) |
| Fuel and other operating expenses | 72,814 | 65,657 | 10.9 |
| Operating Income (Loss) | 5,874 | (399) | (1,572.2) |
| Operating Ratio | 97.5% | 100.2% | (2.7) |
| Nonoperating Expense | 2,748 | 2,439 | 12.7 |
| | | | |
| Working Capital (as of June 30, 2010 and 2009) | 41,267 | 11,609 | |
| Cash Flows provided by Operations (year to date) | 5,049 | 9,734 | |
| Net Acquisitions of Property and Equipment (year to date) | (223) | (4,365) | |
| | | | |
| Operating Statistics: | | | |
| LTL Tonnage | 918 | 903 | 1.6 |
| Total Tonnage | 1,104 | 1,063 | 3.8 |
| | | | |
| LTL Shipments | 1,642 | 1,683 | (2.4) |
| Total Shipments | 1,669 | 1,705 | (2.1) |
| | | | |
| LTL Revenue per hundredweight | $ 11.68 | $ 11.35 | 2.9 |
| Total Revenue per hundredweight | $ 10.50 | $ 10.28 | 2.1 |

**Quarter and six months ended June 30, 2010 vs. Quarter and six months ended June 30, 2009**

*Revenue and volume*

Consolidated revenue increased 5.9 percent to $231.3 million as a result of increased tonnage along with increased yield due to measured pricing actions and higher fuel surcharges. The environment remains challenging due to a sluggish economy, overcapacity in the industry and weak tonnage. However, improvements in the environment during 2010 have permitted the Company to implement measured pricing actions to improve yield. During the second quarter of 2010, the increase in fuel surcharge revenue was more than the increase in fuel expense compared to the same quarter last year.

Saia s LTL revenue per hundredweight (a measure of yield) increased 2.9 percent to $11.68 per hundredweight for the second quarter of 2010 due to the increased rates and fuel surcharge. Saia s LTL tonnage increased 1.6 percent to 0.9 million tons and LTL shipments decreased 2.4 percent to 1.6 million shipments. Approximately 70 percent of Saia s operating revenue is subject to individual customer price adjustment negotiations that occur throughout the year. The remaining 30 percent of operating revenue is subject to an annual general rate increase. On February 1, 2010, Saia implemented a 4.8 percent general rate increase for customers comprising this 30 percent of operating revenue. Competitive factors, customer turnover and mix changes, among other things, impact the extent to which customer rate increases are retained over time.

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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.

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$22.0 million used for financing activities in second quarter 2009 was comprised of debt repayments including $11.5 million for the redemption of subordinated debentures and debt issuance costs.

**Outlook**

Our business remains highly correlated to the general economy and competitive pricing pressures, as well as the success of Company specific improvement initiatives. While improved, there remains uncertainty as to the timing and strength of economic recovery through 2010. We are evaluating continued initiatives to raise rates, to reduce costs and increase productivity. We plan to continue to focus on providing top quality service and improving safety performance. If significant competitors were to cease operations and their capacity leave the market, current industry excess capacity could improve. However, there can be no assurance that any industry consolidation will indeed happen or if such consolidation occurs that it will materially improve the excess industry capacity.

The Company plans to continue to pursue revenue and cost initiatives to improve profitability. Planned revenue initiatives include, but are not limited to, building density in our current geography, targeted marketing initiatives to grow revenue in more profitable segments, as well as pricing and yield management. The extent of success of these revenue initiatives is impacted by what proves to be the underlying economic trends, competitor initiatives and other factors discussed under Forward- Looking Statements and Item 1A Risk Factors.

Planned cost management initiatives include, but are not limited to, seeking gains in productivity and asset utilization that collectively are designed to offset anticipated inflationary unit cost increases in healthcare, workers compensation and all the other expense categories. Specific cost initiatives include linehaul routing optimization, software for sequencing city routes and automated time clocks for real-time productivity. The Company s vacation expense has returned to historical levels in 2010 following a change in our vacation policy in 2009. Vacation expense for the remainder of the year is expected to remain at historical levels. The following cost reductions taken in 2009 are subject to reinstatement in the future: the suspension of the Company s 401(k) match; reduction in compensation equal to 10 percent of salary for the Company s leadership team and a five percent wage reduction for hourly, linehaul and salaried employees in operations, maintenance and administration; and the 10 percent reduction in the annual retainer and meeting fees paid to the non-employee members of the Company s Board of Directors. If the Company builds market share, there are potential numerous operating leverage cost benefits. Conversely, should the economy soften from present levels, the Company plans to attempt to match resources and capacity to shifting volume levels to lessen unfavorable operating leverage. The success of cost improvement initiatives is also impacted by the cost and availability of drivers and purchased transportation, fuel, insurance claims, regulatory changes, successful implementation of profit improvement initiatives and other factors discussed under Forward-Looking Statements and Item 1A Risk Factors .

See Forward-Looking Statements and Item 1A Risk Factors for a more complete discussion of potential risks and uncertainties that could materially affect our future performance.

**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 consolidated financial position or results of operations.

**Financial Condition**

The Company s liquidity needs arise primarily from capital investment in new equipment, land and structures and information technology, letters of credit required under insurance programs, as well as funding working capital requirements.

The Company is party to a revolving credit agreement (Restated Credit Agreement) with a group of banks to fund capital investment and working capital needs. The facility provides up to $120 million in availability, subject to a borrowing base. The Company is also party to a long-term note agreement (Restated Master Shelf Agreement). The Company entered into amendments in June and December 2009 to the Revolving Credit Agreement and Master Shelf Agreement obtaining financial covenant relief through March 31, 2011. Pursuant to those amendments, the Company agreed to increases in interest rates, letter of credit fees and certain other fees and pledged certain real estate and facilities, tractors and trailers, accounts receivable and other assets to secure indebtedness under both agreements.

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Simultaneously with the December 2009 amendments, the Company issued 2,310,000 shares of common stock in a private placement which generated approximately $24.9 million in net proceeds. Proceeds were used primarily to prepay in December 2009 approximately $17.5 million in indebtedness, and $7.0 million in scheduled interest payments in December 2009 that were otherwise due under the Master Shelf Agreement in 2010.

On February 27, 2009, the Company fully redeemed $11.5 million of the 7% Convertible Subordinated Debentures due 2011.

*Restated Credit Agreement*

The December 2009 amendment to the Restated Credit Agreement reduced the revolving credit facility from $160 million to $120 million and resulted in debt issuance cost expense of $0.5 million in the fourth quarter of 2009. The Company also agreed as part of that amendment to prepay $2.0 million in estimated letter of credit fees otherwise payable in 2010. The Restated Credit Agreement is subject to a borrowing base described below, and matures on January 28, 2013. Under the Restated Credit Agreement, interest rate margins on revolving credit loans, fees on letters of credit and the unused portion fee increased from the interest rate margins and fees in place prior to the 2009 amendments, but continue to be based on the Company s leverage ratio. Prior to the June 2009 amendment, the LIBOR rate margin and letter of credit fee ranged from 62.5 basis points to 162.5 basis points, the base rate margin ranged from minus 100 basis points to zero basis points and the unused portion fee ranged from 15 basis points to 25 basis points. As a result of the June 2009 amendment (effective as of June 26, 2009), the LIBOR rate margin and letter of credit fee range from 275 basis points to 400 basis points, the base rate margin ranges from 50 basis points to 175 basis points and the unused portion fee ranges from 40 basis points to 50 basis points. The Restated Credit Agreement provides for a 3.0% interest rate floor.

The Restated Credit Agreement, as amended in December 2009, provides relief from certain financial covenants through March 31, 2011 after which time they return to previous levels. Under the Restated Credit Agreement, the Company must maintain certain financial covenants including a minimum fixed charge coverage ratio, a leverage ratio, an adjusted leverage ratio and a minimum tangible net worth, among others. The Restated Credit Agreement also provides for a pledge by the Company of certain land and structures, certain tractors, trailers and other personal property and accounts receivable. Total bank commitments under the Restated Credit Agreement are $120 million subject to a borrowing base calculated utilizing certain property, equipment and accounts receivable as defined in the Restated Credit Agreement.

At June 30, 2010, the Company had no borrowings and $55.1 million in letters of credit outstanding under the Restated Credit Agreement. At June 30, 2009, the Company had no borrowings and $57.7 million in letters of credit outstanding under the Restated Credit Agreement. The available portion of the Restated Credit Agreement may be used for general corporate purposes, including future capital expenditures, working capital and letter of credit requirements as needed.

*Restated Master Shelf Agreement*

On September 20, 2002, the Company issued $100 million in Senior Notes under a $125 million (amended to $150 million in April 2005) Master Shelf Agreement with Prudential Investment Management, Inc. and certain of its affiliates. The Company issued another $25 million in Senior Notes on November 30, 2007 and $25 million in Senior Notes on January 31, 2008 under the same Master Shelf Agreement.

The initial $100 million Senior Notes have an initial fixed interest rate of 7.38 percent. Payments due under the $100 million Senior Notes were interest only until June 30, 2006 and at that time semi-annual principal payments began with the final payment due December 2013. The November 2007 issuance of $25 million Senior Notes has an initial fixed interest rate of 6.14 percent. The January 2008 issuance of $25 million Senior Notes has an initial fixed interest rate of 6.17 percent. Payments due for both $25 million issuances will be interest only until June 30, 2011 and at that time semi-annual principal payments will begin with the final payments due January 1, 2018. Under the terms of the Senior Notes, the Company must maintain certain financial covenants including a minimum fixed charge coverage ratio, a leverage ratio, an adjusted leverage ratio and a minimum tangible net worth, among others.

In connection with the December 2009 amendment of the Master Shelf Agreement, the Company prepaid the principal and interest on the Senior Notes in December 2009 otherwise due and payable during 2010, at the current interest rates. This resulted in no current portion due and prepaid interest included in prepaid expenses. In addition, the interest

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

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on those notes may return to the original rates, when the Company is in compliance with the original financial covenants on or after the second quarter of 2011.

*Other*

At December 31, 2009, YRC Worldwide Inc., formerly Yellow Corporation (Yellow), provided guarantees on behalf of Saia primarily for open workers compensation claims and casualty claims incurred prior to March 1, 2000. Under the Master Separation and Distribution Agreement entered into in connection with the 100 percent tax-free distribution of Saia shares to Yellow shareholders, Saia pays Yellow s actual cost of any collateral it provides to insurance underwriters in support of these claims at cost plus 100 basis points. At June 30, 2010, the portion of collateral allocated by Yellow to Saia in support of these claims was $1.7 million.

Projected net capital expenditures for 2010 are approximately $10 million which is below historical levels due to the uncertain economic environment and will be reevaluated as tonnage improves. This represents an approximately $2.4 million increase from 2009 net capital expenditures of $7.6 million for property and equipment. Approximately $0.2 million of the 2010 capital budget was committed at June 30, 2010. Net capital expenditures pertain primarily to investments in revenue equipment, information technology, land and structures.

The Company has historically generated cash flows from operations that have funded its capital expenditure requirements. Cash flows from operations were $14.1 million for the year ended December 31, 2009, while net cash used in investing activities was $7.6 million. As such, the cash flows from operations funded a portion of the $24.8 million cash used in financing activities in 2009. Cash flows provided by operating activities were $5.0 million for the six months ended June 30, 2010, $4.7 million lower than the prior year period primarily due to the increased working capital requirements. The timing of capital expenditures can largely be managed around the seasonal working capital requirements of the Company. The Company believes it has adequate sources of capital to meet short-term liquidity needs through its cash and cash equivalents of $13.6 million at June 30, 2010 and availability under its revolving credit facility, subject to the satisfaction of existing debt covenants. Future operating cash flows are primarily dependent upon the Company s profitability and its ability to manage its working capital requirements, primarily accounts receivable, accounts payable and wage and benefit accruals. The Company was in compliance with its debt covenants at June 30, 2010.

In accordance with U.S. generally accepted accounting principles, our operating leases are not recorded in our consolidated balance sheet; however, the future minimum lease payments are included in the Contractual Cash Obligations table below. See the notes to our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009 for additional information. In addition to the principal amounts disclosed in the tables below, the Company has interest obligations of approximately $6.9 million for 2010 and decreasing for each year thereafter based on borrowings outstanding at June 30, 2010.

**Contractual Cash Obligations**

The following tables set forth a summary of our contractual cash obligations and other commercial commitments as of June 30, 2010 (in millions).

| | Payments due by year | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** | **Thereafter** | **Total** |
| Contractual cash obligations: | | | | | | | |
| Long-term debt obligations: | | | | | | | |
| Revolving line of credit | $ | $ | $ | $ | $ | $ | $ |
| Long-term debt | | 17.1 | 22.1 | 22.1 | 7.1 | 21.6 | 90.0 |
| Operating leases | 7.7 | 13.7 | 11.3 | 8.6 | 6.0 | 20.3 | 67.6 |
| Purchase obligations | 1.7 | | | | | | 1.7 |
| Total contractual obligations | $ 9.4 | $ 30.8 | $ 33.4 | $ 30.7 | $ 13.1 | $ 41.9 | $ 159.3 |

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| | Amount of commitment expiration by year | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter | Total |
| 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

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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

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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 | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter | Total | Fair Value |
| 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

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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.

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## 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.

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**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. |

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**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

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**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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