

SAIA INC  
Form 10-Q  
November 07, 2012  
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**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 SEPTEMBER 30, 2012**

**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)

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**Delaware**  
(State of incorporation)

**48-1229851**  
(I.R.S. Employer

Identification No.)

**11465 Johns Creek Parkway, Suite 400**

**Johns Creek, GA**  
(Address of principal

**30097**  
(Zip Code)

executive offices)

**(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 whether 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 (§232.405 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 ☐

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**  
Common Stock, par value \$.001 per share

**Outstanding Shares at October 31, 2012**  
16,043,314

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**SAIA, INC. AND SUBSIDIARY**

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**Table of Contents****Item 1. Financial Statements****Saia, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets****(unaudited)**

|                                                                                                                                                                                  | September 30,<br>2012<br>(in thousands, except share and per share<br>data) | December 31,<br>2011 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------|
| <b>Assets</b>                                                                                                                                                                    |                                                                             |                      |
| <b>Current Assets:</b>                                                                                                                                                           |                                                                             |                      |
| Cash and cash equivalents                                                                                                                                                        | \$ 804                                                                      | \$ 1,317             |
| Accounts receivable, net                                                                                                                                                         | 124,822                                                                     | 107,436              |
| Prepaid expenses and other                                                                                                                                                       | 31,115                                                                      | 34,063               |
| Total current assets                                                                                                                                                             | 156,741                                                                     | 142,816              |
| <b>Property and Equipment, at cost</b>                                                                                                                                           | <b>722,128</b>                                                              | <b>669,345</b>       |
| Less-accumulated depreciation                                                                                                                                                    | 353,328                                                                     | 344,890              |
| Net property and equipment                                                                                                                                                       | 368,800                                                                     | 324,455              |
| <b>Goodwill and Identifiable Intangibles, net</b>                                                                                                                                | <b>9,558</b>                                                                | <b>1,450</b>         |
| <b>Other Noncurrent Assets</b>                                                                                                                                                   | <b>7,163</b>                                                                | <b>6,165</b>         |
| Total assets                                                                                                                                                                     | \$ 542,262                                                                  | \$ 474,886           |
| <b>Liabilities and Stockholders' Equity</b>                                                                                                                                      |                                                                             |                      |
| <b>Current Liabilities:</b>                                                                                                                                                      |                                                                             |                      |
| Accounts payable                                                                                                                                                                 | \$ 52,442                                                                   | \$ 39,783            |
| Wages, vacation and employees' benefits                                                                                                                                          | 33,838                                                                      | 21,185               |
| Other current liabilities                                                                                                                                                        | 41,201                                                                      | 41,237               |
| Current portion of long-term debt                                                                                                                                                | 22,143                                                                      | 22,143               |
| Total current liabilities                                                                                                                                                        | 149,624                                                                     | 124,348              |
| <b>Other Liabilities:</b>                                                                                                                                                        |                                                                             |                      |
| Long-term debt, less current portion                                                                                                                                             | 59,034                                                                      | 50,714               |
| Deferred income taxes                                                                                                                                                            | 52,822                                                                      | 51,289               |
| Claims, insurance and other                                                                                                                                                      | 32,503                                                                      | 29,234               |
| Total other liabilities                                                                                                                                                          | 144,359                                                                     | 131,237              |
| Commitments and Contingencies                                                                                                                                                    |                                                                             |                      |
| <b>Stockholders' Equity:</b>                                                                                                                                                     |                                                                             |                      |
| 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, 16,043,314 and 15,937,821 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively | 16                                                                          | 16                   |
| Additional paid-in-capital                                                                                                                                                       | 206,159                                                                     | 203,793              |
| Deferred compensation trust, 140,201 and 139,324 shares of common stock at cost at September 30, 2012 and December 31, 2011, respectively                                        | (2,229)                                                                     | (2,199)              |
| Retained earnings                                                                                                                                                                | 44,333                                                                      | 17,691               |
| Total stockholders' equity                                                                                                                                                       | 248,279                                                                     | 219,301              |

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|                                            |            |            |
|--------------------------------------------|------------|------------|
| Total liabilities and stockholders' equity | \$ 542,262 | \$ 474,886 |
|--------------------------------------------|------------|------------|

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****Saia, Inc. and Subsidiaries****Condensed Consolidated Statements of Operations****For the quarters and nine months ended September 30, 2012 and 2011****(unaudited)**

|                                                      | <b>Third Quarter</b>                         |             | <b>Nine Months</b> |             |
|------------------------------------------------------|----------------------------------------------|-------------|--------------------|-------------|
|                                                      | <b>2012</b>                                  | <b>2011</b> | <b>2012</b>        | <b>2011</b> |
|                                                      | <b>(in thousands, except per share data)</b> |             |                    |             |
| <b>Operating Revenue</b>                             | \$ 278,024                                   | \$ 268,285  | \$ 834,252         | \$ 777,204  |
| <b>Operating Expenses:</b>                           |                                              |             |                    |             |
| Salaries, wages and employees' benefits              | 138,532                                      | 133,460     | 410,471            | 386,869     |
| Purchased transportation                             | 18,810                                       | 23,345      | 59,171             | 69,064      |
| Fuel, operating expenses and supplies                | 76,461                                       | 75,510      | 233,212            | 221,637     |
| Operating taxes and licenses                         | 9,445                                        | 9,830       | 29,061             | 28,787      |
| Claims and insurance                                 | 6,133                                        | 6,766       | 18,409             | 21,854      |
| Depreciation and amortization                        | 12,315                                       | 9,723       | 35,681             | 27,099      |
| Operating gains, net                                 | (88)                                         | 31          | (409)              | (72)        |
| Total operating expenses                             | 261,608                                      | 258,665     | 785,596            | 755,238     |
| <b>Operating Income</b>                              | 16,416                                       | 9,620       | 48,656             | 21,966      |
| <b>Nonoperating Expenses:</b>                        |                                              |             |                    |             |
| Interest expense                                     | 1,941                                        | 2,194       | 6,100              | 8,147       |
| Other, net                                           | (44)                                         | 122         | (142)              | 12          |
| Nonoperating expenses, net                           | 1,897                                        | 2,316       | 5,958              | 8,159       |
| <b>Income Before Income Taxes</b>                    | 14,519                                       | 7,304       | 42,698             | 13,807      |
| <b>Income Tax Provision</b>                          | 5,263                                        | 2,475       | 16,056             | 4,907       |
| <b>Net Income</b>                                    | \$ 9,256                                     | \$ 4,829    | \$ 26,642          | \$ 8,900    |
| Weighted average common shares outstanding - basic   | 15,900                                       | 15,800      | 15,873             | 15,786      |
| Weighted average common shares outstanding - diluted | 16,575                                       | 16,160      | 16,529             | 16,145      |
| <b>Basic Earnings Per Share</b>                      | \$ 0.58                                      | \$ 0.31     | \$ 1.68            | \$ 0.56     |
| <b>Diluted Earnings Per Share</b>                    | \$ 0.56                                      | \$ 0.30     | \$ 1.61            | \$ 0.55     |

See accompanying notes to condensed consolidated financial statements.

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**Saia, Inc. and Subsidiaries**

**Condensed Consolidated Statements of Cash Flows**

**For the nine months ended September 30, 2012 and 2011**

**(unaudited)**

|                                                     | <b>Nine Months</b>    |                 |
|-----------------------------------------------------|-----------------------|-----------------|
|                                                     | <b>2012</b>           | <b>2011</b>     |
|                                                     | <b>(in thousands)</b> |                 |
| <b>Operating Activities:</b>                        |                       |                 |
| Net income                                          | \$ 26,642             | \$ 8,900        |
| Noncash items included in net income:               |                       |                 |
| Depreciation and amortization                       | 35,681                | 27,099          |
| Other, net                                          | 1,895                 | 712             |
| Changes in operating assets and liabilities, net    | 13,207                | (2,058)         |
| Net cash provided by operating activities           | 77,425                | 34,653          |
| <b>Investing Activities:</b>                        |                       |                 |
| Acquisition of property and equipment               | (81,888)              | (52,309)        |
| Proceeds from disposal of property and equipment    | 2,609                 | 555             |
| Acquisition of Subsidiary, net of cash              | (7,616)               |                 |
| Net cash used in investing activities               | (86,895)              | (51,754)        |
| <b>Financing Activities:</b>                        |                       |                 |
| Repayment of revolving credit agreement             | (262,251)             |                 |
| Borrowing of revolving credit agreement             | 281,642               |                 |
| Proceeds from stock option exercises                | 637                   | 149             |
| Repayment of long-term debt                         | (11,071)              | (8,571)         |
| Net cash provided by (used in) financing activities | 8,957                 | (8,422)         |
| <b>Net Decrease in Cash and Cash Equivalents</b>    | <b>(513)</b>          | <b>(25,523)</b> |
| Cash and cash equivalents, beginning of period      | 1,317                 | 29,045          |
| Cash and cash equivalents, end of period            | \$ 804                | \$ 3,522        |

See accompanying notes to condensed consolidated financial statements.

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### **Saia, Inc. and Subsidiaries**

### **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 subsidiaries (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 include the financial position and results of operations of Robart Transportation, Inc. and its subsidiary, The RL Service Group, LLC (the Robart Companies) since its acquisition date of July 2, 2012 (See Note 5).

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 condensed consolidated statements of financial position, results of operations and cash flows for the interim periods included herein have been made. These interim condensed consolidated 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, 2011. Operating results for the quarters and nine months ended September 30, 2012 are not necessarily indicative of the results of operations that may be expected for the year ended December 31, 2012.

##### *Business*

The Company offers customers a wide range of less-than-truckload, non-asset truckload, expedited and logistics services across the United States through its wholly-owned subsidiaries. Effective October 1, 2012, the Company's subsidiaries were as follows: Saia Motor Freight Line, LLC, doing business as Saia LTL Freight; Saia TL Plus, Inc., formerly Robart Transportation, Inc., and Saia Logistics Services, LLC, formerly The RL Services Group, LLC.

##### *New Accounting Pronouncements*

There are no new accounting pronouncements pending adoption as of September 30, 2012 that the Company believes would have a significant impact on its condensed consolidated financial statements.

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

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

|                                                                                    | Third Quarter |          | Nine Months |          |
|------------------------------------------------------------------------------------|---------------|----------|-------------|----------|
|                                                                                    | 2012          | 2011     | 2012        | 2011     |
| <b>Numerator:</b>                                                                  |               |          |             |          |
| Net income                                                                         | \$ 9,256      | \$ 4,829 | \$ 26,642   | \$ 8,900 |
| <b>Denominator:</b>                                                                |               |          |             |          |
| Denominator for basic earnings per share weighted average common shares            | 15,900        | 15,800   | 15,873      | 15,786   |
| Effect of dilutive stock options                                                   | 135           | 35       | 114         | 43       |
| Effect of other common stock equivalents                                           | 540           | 325      | 542         | 316      |
| Denominator for diluted earnings per share adjusted weighted average common shares | 16,575        | 16,160   | 16,529      | 16,145   |
| <b>Basic Earnings Per Share</b>                                                    | \$ 0.58       | \$ 0.31  | \$ 1.68     | \$ 0.56  |
| <b>Diluted Earnings Per Share</b>                                                  | \$ 0.56       | \$ 0.30  | \$ 1.61     | \$ 0.55  |

For the quarter and nine months ended September 30, 2012, respectively, options to purchase 108,030 and 109,799 shares of common stock of the Company were excluded from the calculation of diluted earnings per share because their effect was anti-dilutive. For the quarter and nine months ended September 30, 2011, respectively, options to purchase 406,052 and 278,995 shares of common stock of the Company were excluded from the calculation of diluted earnings per share because their effect was anti-dilutive.

**(3) Commitments and Contingencies**

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 September 30, 2012 and December 31, 2011 because of the relatively short maturity of these instruments. Based on the borrowing rates currently available to the Company for debt with similar items and remaining maturities the estimated fair value of total debt at September 30, 2012 and December 31, 2011 was \$85.1 million and \$76.5 million, respectively, based upon level two in the fair value hierarchy. The carrying value of the debt was \$81.2 million at September 30, 2012 and was \$72.9 million at December 31, 2011.

**5) Acquisition**

On July 2, 2012, Saia, Inc. acquired Robart Transportation, Inc. and its subsidiary, The RL Services Group, LLC (the Robart Companies). The acquired Robart Companies provide customers with quality non-asset truckload full service and logistics solutions. The purchase price of the acquisition was \$7.9 million plus an earnout subject to performance of the acquired companies in 2013 up to a maximum of \$1.3 million. The Company believes the acquisition supports the strategic goal of diversifying Saia's portfolio of service offerings.

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During the third quarter of 2012, the Company preliminarily allocated the purchase price in excess of net tangible assets between tax deductible goodwill and other identifiable intangible assets related to the July 2, 2012 acquisition of the Robart Companies. The cash purchase price has been preliminarily allocated based on independent appraisals and management's estimates as follows (in thousands):

|                                                                                    |                   |
|------------------------------------------------------------------------------------|-------------------|
| <b>Consideration:</b>                                                              |                   |
| Cash                                                                               | \$ (7,934)        |
| Contingent consideration arrangement                                               | (1,162)           |
| <br>Fair value of total consideration transferred                                  | <br>\$ (9,096)    |
| <br><b>Acquisition related costs included in SG&amp;A</b>                          | <br><b>\$ 150</b> |
| <b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b> |                   |
| Current assets                                                                     | \$ 2,082          |
| Property and equipment                                                             | 44                |
| Customer Lists                                                                     | 3,184             |
| Current liabilities                                                                | (1,445)           |
| <br>Total identifiable net assets assumed                                          | <br>\$ 3,865      |
| Goodwill                                                                           | 5,231             |
| <br>Total                                                                          | <br>\$ 9,096      |

**6) Goodwill and other Intangibles**

The gross amounts and accumulated amortization of identifiable intangible assets of the Company from all acquisitions are as follows (in thousands):

|                                       | <b>September 30, 2012</b> |                                 |
|---------------------------------------|---------------------------|---------------------------------|
|                                       | <b>Gross Amount</b>       | <b>Accumulated Amortization</b> |
| <b>Amortizable intangible assets:</b> |                           |                                 |
| Customer Lists                        | \$ 7,700                  | \$ 3,445                        |
| Non Compete agreement                 | 913                       | 841                             |
|                                       | <br>\$ 8,613              | <br>\$ 4,286                    |

Amortization expense for intangible assets other than goodwill was \$154 thousand and \$98 thousand for the quarter ended September 30, 2012 and 2011, respectively. Amortization expense for intangible assets other than goodwill was \$299 thousand and \$293 thousand for the nine months ended September 30, 2012 and 2011, respectively. Estimated amortization expense for intangible assets other than goodwill for the five succeeding years as of September 30, 2012 follows (in thousands):

|                   | <b>Amount</b> |
|-------------------|---------------|
| Remainder of 2012 | \$ 154        |
| 2013              | 615           |
| 2014              | 615           |
| 2015              | 615           |
| 2016              | 615           |
| 2017              | 615           |

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The changes in the carrying amount of goodwill for the nine months ended September 30, 2012 are as follows:

|                                   | 2012     |
|-----------------------------------|----------|
| Goodwill as of January 1          | \$       |
| Goodwill acquired during the year | 5,231    |
| Goodwill as of September 30       | \$ 5,231 |

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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 2011 audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. Those consolidated 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 (the SEC) 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, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains these types of statements, which are forward-looking 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 as of the date of this Quarterly Report on Form 10-Q 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, risks, assumptions and uncertainties 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; integration risks; indemnification obligations associated with the 2006 sale of Jevic Transportation, Inc.; the effect of litigation including class action lawsuits; cost and availability of qualified drivers, fuel, purchased transportation, real property, revenue equipment and other assets; governmental regulations, including but not limited to Hours of Service, engine emissions, the Compliance, Safety, Accountability (CSA) initiative, 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 costs 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 Part II, Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2011, as updated by Part II, Item 1A. of this Quarterly Report on 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 Form 10-Q. We are under no obligation, and we expressly disclaim 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 strategy is to improve profitability by increasing yield while also increasing volumes to build density in existing geography. 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). The pricing initiatives that were implemented in 2010 and continued through 2011 and the first nine months of 2012 have had a positive impact on yield and profitability. The Company continues to execute targeted sales and marketing programs along with initiatives to align costs with volumes and improve customer satisfaction. Technology continues to be an important investment that is facilitating operational efficiencies and improving Company image.

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The Company's operating revenue increased by 3.6 percent in the third quarter of 2012 compared to the same period in 2011. The increase resulted primarily from improved yield from pricing actions. There was one less workday in third quarter 2012 compared to third quarter 2011.

Consolidated operating income was \$16.4 million for the third quarter of 2012 compared to consolidated operating income of \$9.6 million in the third quarter of 2011. In the third quarter of 2012, LTL tonnage per workday was down 1.6 percent versus the prior-year quarter. Diluted earnings per share were \$0.56 in the third quarter of 2012. This compares to diluted earnings per share of \$0.30 in the prior-year quarter. The operating ratio (operating expenses divided by operating revenue) was 94.1 percent in the third quarter of 2012. This compares to 96.4 percent in the third quarter of 2011.

The Company generated \$77.4 million in cash provided by operating activities through the first nine months of 2012 compared with cash provided in the amount of \$34.7 million in the prior-year period. The Company had net cash used in investing activities of \$86.9 million during the first nine months of 2012 mostly for the purchase of revenue equipment and also due for the Robart acquisition, compared to \$51.8 million in the first nine months of 2011. The Company's cash provided by financing activities during the first nine months of 2012 was \$9.0 million compared to cash used in financing activities in the first nine months of 2011 of \$8.4 million. The Company had \$19.4 million in net cash borrowings under its revolving credit agreement at September 30, 2012 and made a scheduled principal payment of Senior Notes of \$11.1 million during the nine months. Outstanding letters of credit were \$58.6 million and the cash and cash equivalents balance of \$0.8 million as of September 30, 2012. The Company was in compliance with the debt covenants under its debt agreements at September 30, 2012.

## **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. and Subsidiaries (also referred to as Saia or the Company).

The Company is a transportation company headquartered in Johns Creek, Georgia providing a wide range of less-than-truckload, non-asset truckload, expedited and logistics services across the United States.

Our business is highly correlated to non-service sectors of the general economy. It also is impacted by a number of other factors as discussed under Forward Looking Statements and Part II, 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 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.

**Table of Contents****Results of Operations****Saia, Inc. and Subsidiaries****Selected Results of Operations and Operating Statistics****For the quarters ended September 30, 2012 and 2011****(unaudited)**

|                                                           | 2012                                                           | 2011       | Percent<br>Variance<br>12 v. 11 |
|-----------------------------------------------------------|----------------------------------------------------------------|------------|---------------------------------|
|                                                           | (in thousands, except ratios and revenue<br>per hundredweight) |            |                                 |
| Operating Revenue                                         | \$ 278,024                                                     | \$ 268,285 | 3.6                             |
| Operating Expenses:                                       |                                                                |            |                                 |
| Salaries, wages and employees' benefits                   | 138,532                                                        | 133,460    | 3.8                             |
| Purchased transportation                                  | 18,810                                                         | 23,345     | (19.4)                          |
| Depreciation and amortization                             | 12,315                                                         | 9,723      | 26.7                            |
| Fuel and other operating expenses                         | 91,951                                                         | 92,137     | (0.2)                           |
| Operating Income                                          | 16,416                                                         | 9,620      | 70.6                            |
| Operating Ratio                                           | 94.1%                                                          | 96.4%      | 2.3                             |
| Nonoperating Expense                                      | 1,897                                                          | 2,316      | (18.1)                          |
| Working Capital (as of September 30, 2012 and 2011)       | 7,117                                                          | 27,357     |                                 |
| Cash Flows provided by Operations (year to date)          | 77,425                                                         | 34,653     |                                 |
| Net Acquisitions of Property and Equipment (year to date) | 79,279                                                         | 51,754     |                                 |
| Operating Statistics:                                     |                                                                |            |                                 |
| LTL Tonnage                                               | 918                                                            | 947        | (3.1)                           |
| LTL Shipments                                             | 1,574                                                          | 1,670      | (5.7)                           |
| LTL Revenue per hundredweight                             | \$ 14.00                                                       | \$ 13.14   | 6.6                             |

**Quarter and nine months ended September 30, 2012 vs. Quarter and nine months ended September 30, 2011***Revenue and volume*

Consolidated revenue increased 3.6 percent to \$278.0 million as a result of increased yield due to measured pricing actions. There was one less workday in third quarter 2012 compared to third quarter 2011. Improvements in the economic environment that were evident during 2011 and 2012 permitted the Company to implement measured pricing actions to improve yield. Saia's LTL revenue per hundredweight (a measure of yield) increased 6.6 percent to \$14.00 per hundredweight for the third quarter of 2012 as a result of increased rates. Saia's LTL tonnage per workday decreased 1.6 percent and LTL shipments per workday decreased 4.3 percent. Approximately 70 percent of Saia's operating revenue is subject to specific customer price adjustment negotiations that occur throughout the year. The remaining 30 percent of operating revenue is subject to a general rate increase which is typically taken once a year. Saia implemented two 6.9 percent general rate increases, the first on August 22, 2011 and the more recent on July 9, 2012. Competitive factors, customer turnover and mix changes, among other factors, impact the extent to which customer rate increases are retained over time.

For the nine months ended September 30, 2012, operating revenues were \$834.3 million up 7.3 percent from \$777.2 million for the nine months ended September 30, 2011, primarily due to higher yield, which reflects increased rates and fuel surcharge.

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Operating revenue includes fuel surcharge revenue from the Company's fuel surcharge program. That program is designed to reduce the Company's exposure to fluctuations in fuel prices by adjusting total freight charges to account for changes in the price of fuel. The Company's fuel surcharge is based on the average national price for diesel fuel and is reset weekly. Fuel surcharges have remained in effect for several years, are widely accepted in the industry and are a significant component of revenue and pricing. Fuel surcharges are an integral part of annual customer contract renewals which blur the distinction between base price increases and recoveries under the fuel surcharge program. Fuel surcharges represent only one portion of overall competitive price negotiations as customers may negotiate increases in base rates instead of increases in fuel surcharges or vice versa. Fuel surcharge revenue decreased to 16.9% of operating revenue for the quarter ended September 30, 2012 compared to 17.0% for the quarter ended September 30, 2011. Fuel surcharge revenue increased to 17.3% of operating revenue for the nine months ended September 30, 2012 compared to 16.7% for the nine months ended September 30, 2011.

### *Operating expenses and margin*

Consolidated operating income was \$16.4 million in the third quarter of 2012, compared to operating income of \$9.6 million in the prior year quarter. Overall, the operations were favorably impacted by higher yield combined with continued cost optimization initiatives throughout our network in 2012. The third quarter 2012 operating ratio (operating expenses divided by operating revenue) was 94.1 percent compared to 96.4 percent for the same period in 2011.

Salaries, wages and benefits increased \$5.1 million over the third quarter of 2011 largely due to a 3.0 percent wage increase in July 2012, a 2.5 percent wage increase in December 2011 and accruals for estimated annual incentives. During the third quarter of 2012, claims and insurance expense was \$0.6 million lower than the previous year quarter due to decreased cargo claims. The Company can experience volatility in accident expense as a result of its self-insurance structure and \$2.0 million retention limits per occurrence. Depreciation expense increased \$2.6 million in the third quarter of 2012 compared to the third quarter of 2011 largely due to revenue equipment and technology investments in late 2011 and year-to-date in 2012. Purchased transportation decreased \$4.5 million from the third quarter of 2011 primarily due to network optimization and driving more in-house miles.

### *Other*

Substantially all non-operating expenses represent interest expense. Interest expense in third quarter 2012 was lower due to lower interest rates in 2012. The effective tax rate was 36.3 percent for the quarter ended September 30, 2012 compared to 33.9 percent for the quarter ended September 30, 2011 due to the impact of state income taxes on improved results and the lower impact of expected credits. For the nine months ended September 30, 2012, the effective tax rate was 37.6 percent compared to 35.5 percent for the nine months ended September 30, 2011 reflecting the impact of state income taxes on improved results and the lower impact of expected credits.

Net income was \$9.3 million or \$0.56 per diluted share in the third quarter of 2012 compared to net income of \$4.8 million, or \$0.30 per diluted share, in the third quarter of 2011. Net income was \$26.6 million or \$1.61 per diluted share in the first nine months of 2012 compared to net income of \$8.9 million or \$0.55 per diluted share in the prior year period.

### *Working capital/capital expenditures*

Working capital at September 30, 2012 was \$7.1 million which decreased from working capital at September 30, 2011 of \$27.4 million.

This decrease was primarily due to a \$29.0 million increase in current liabilities partially offset by a \$9.7 million increase in accounts receivable. Cash flows provided by operating activities were \$77.4 million for the nine months ended September 30, 2012 versus \$34.7 million provided by operating activities for the nine months ended September 30, 2011. For the nine months ended September 30, 2012, cash used in investing activities was \$86.9 million versus \$51.8 million in the prior-year period, due to higher equipment purchases and the Robart acquisition. For the nine months ended September 30, 2012, cash provided by financing activities was \$9.0 million versus \$8.4 million of cash used in financing activities for the prior-year period due to borrowings of long-term debt to fund the Robart acquisition and higher equipment purchases.

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### **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 through 2011 and through the third quarter of 2012, there remains uncertainty as to the timing and strength of economic recovery. We are continuing initiatives to increase yield, to reduce costs and improve productivity. We 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 conditions 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 continues 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. On July 9, 2012, Saia implemented a 6.9 percent general rate increase for customers comprising approximately 30 percent of Saia's operating revenue. 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 Part II, Item 1A. **Risk Factors**.

In 2009, the Company implemented certain cost reduction measures including: the suspension of the Company's 401(k) match; effective reduction in compensation equal to ten percent of salary for the Company's leadership team and a five percent wage and salary reduction for hourly, linehaul and salaried employees in operations, maintenance and administration; and a ten percent reduction in the annual retainer and meeting fees paid to the non-employee members of the Company's Board of Directors. Despite these necessary reductions, the Company's compensation philosophy remained committed to a market-based program. Based on the continued improvement in the Company's operating results and the Company's desire to attract and retain employees needed for the Company to continue to deliver best-in-class service to customers, management began taking steps in April 2011 to reinstate some or all of certain compensation programs and amounts subject to the 2009 reductions. One half of the 401(k) match suspension was reinstated effective April 1, 2011. The Company implemented a two and one-half percent wage and salary increase for hourly, linehaul and salaried employees in operations, maintenance, administration and management effective December 1, 2011. Effective July 1, 2012, the Company implemented a salary and wage increase for all its employees of approximately three percent. The impact of the July 2012 compensation increase is expected to be approximately \$13 million annually. Also effective July 1, 2012, the Company increased Board of Director's compensation to market levels. The Company anticipates the impact of the July 2012 compensation increase to be partially offset by further productivity and efficiency gains.

If the Company builds market share, there are 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 Part II, Item 1A. **Risk Factors**.

See **Forward-Looking Statements** and Part II, 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 September 30, 2012 that 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, information technology and letters of credit required under insurance programs, as well as funding working capital requirements.

The Company is party to a revolving credit agreement (the Restated Credit Agreement) with a group of banks to fund capital investments, letters of credit and working capital needs. The facility provides up to \$150 million in availability, subject to a borrowing base and expires in November 2016. The Company is also party to a long-term

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note agreement (the Restated Master Shelf Agreement). The Company has pledged certain real estate and facilities, tractors and trailers, accounts receivable and other assets to secure indebtedness under both agreements.

### *Restated Credit Agreement*

The Restated Credit Agreement is a revolving credit facility for up to \$150 million expiring in November 2016. The Restated Credit Agreement also has an accordion feature that allows for an additional \$40 million availability, subject to lender approval. The Restated Credit Agreement provides for a LIBOR rate margin range from 200 basis points to 300 basis points, base rate margins from zero to 75 basis points, letter of credit fee range from 212.5 basis points to 312.5 basis points and an unused portion fee from 25 basis points to 35 basis points based on the Company's leverage ratio.

Under the Restated Credit Agreement, the Company must maintain certain financial covenants including a minimum fixed charge coverage ratio, a maximum 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, as defined in the Restated Credit Agreement. Total bank commitments under the Restated Credit Agreement are \$150 million subject to a borrowing base calculated utilizing certain pledged property, equipment and accounts receivable as defined in the Restated Credit Agreement.

At September 30, 2012, the Company had borrowings of \$19.4 million and \$58.6 million in letters of credit outstanding under the Restated Credit Agreement. At September 30, 2011, the Company had no borrowings and \$49.7 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 a 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 a fixed interest rate of 6.14 percent. The January 2008 issuance of \$25 million Senior Notes has a fixed interest rate of 6.17 percent. Payments due for both \$25 million issuances were interest only until June 30, 2011 and at that time semi-annual principal payments began 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 maximum leverage ratio and a minimum tangible net worth, among others.

### *Other*

Projected net capital expenditures for 2012 are now approximately \$83 million. This represents an approximately \$15.0 million increase from 2011 net capital expenditures of \$67.8 million for property and equipment. Approximately \$1.8 million of the 2012 capital budget was committed at September 30, 2012. Net capital expenditures pertain primarily to investments in revenue equipment, information technology, land and structures.

The Company had historically generated cash flows from operations that have funded its capital expenditure requirements. Cash flows from operating activities were \$59.3 million for the year ended December 31, 2011, while net cash used in investing activities was \$67.9 million. Cash flows provided by operating activities were \$77.4 million for the nine months ended September 30, 2012 which is \$42.8 million higher than the prior year period. 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 \$0.8 million at September 30, 2012 and availability under the Restated Credit Agreement, subject to the Company's borrowing base and 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 September 30, 2012.

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At September 30, 2012, 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 in 2002, Saia pays Yellow's actual cost of any collateral it provides to insurance underwriters in support of these claims at cost plus 125 basis points. At September 30, 2012, the portion of collateral allocated by Yellow to Saia in support of these claims was \$1.7 million.

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 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, 2011 for additional information. In addition to the principal amounts disclosed in the tables below, the Company has interest obligations of approximately \$5.1 million for 2012 and decreasing for each year thereafter based on borrowings outstanding at September 30, 2012.

**Contractual Obligations**

The following tables set forth a summary of our contractual obligations and other commercial commitments as of September 30, 2012 (in millions):

|                               | Payments due by year |         |         |         |         |            |          |
|-------------------------------|----------------------|---------|---------|---------|---------|------------|----------|
|                               | 2012                 | 2013    | 2014    | 2015    | 2016    | Thereafter | Total    |
| Contractual cash obligations: |                      |         |         |         |         |            |          |
| Long-term debt obligations:   |                      |         |         |         |         |            |          |
| Revolving line of credit      | \$                   | \$      | \$      | \$      | \$ 19.4 | \$         | \$ 19.4  |
| Long-term debt                | 11.1                 | 22.1    | 7.2     | 7.2     | 7.1     | 7.1        | 61.8     |
| Operating leases              | 3.4                  | 12.5    | 9.8     | 8.1     | 6.6     | 27.4       | 67.8     |
| Purchase obligations (1)      | 11.7                 |         |         |         |         |            | 11.7     |
| Total contractual obligations | \$ 26.2              | \$ 34.6 | \$ 17.0 | \$ 15.3 | \$ 33.1 | \$ 34.5    | \$ 160.7 |

(1) Includes commitments of \$1.8 million for capital expenditures.

|                               | Amount of commitment expiration by year |         |      |      |         |            |          |
|-------------------------------|-----------------------------------------|---------|------|------|---------|------------|----------|
|                               | 2012                                    | 2013    | 2014 | 2015 | 2016    | Thereafter | Total    |
| Other commercial commitments: |                                         |         |      |      |         |            |          |
| Available line of credit (1)  | \$                                      | \$      | \$   | \$   | \$ 72.0 | \$         | \$ 72.0  |
| Letters of credit             |                                         | 60.3    |      |      |         |            | 60.3     |
| Surety bonds                  | 0.2                                     | 6.1     |      |      |         |            | 6.3      |
| Total commercial commitments  | \$ 0.2                                  | \$ 66.4 | \$   | \$   | \$ 72.0 | \$         | \$ 138.6 |

(1) Subject to the satisfaction of existing debt covenants.

The Company has unrecognized tax benefits of approximately \$2.6 million and accrued interest and penalties of \$1.4 million related to the unrecognized tax benefits as of September 30, 2012. 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. In September 2008,

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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 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.

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**Table of Contents****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. 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 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 pickup 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. The Company accounts for its stock-based awards in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (FASB ASC 718) 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.

**Goodwill.** In connection with its acquisition in July 2012, the Company allocated purchase price based on independent appraisals of intangible assets and real property and management's estimates of valuations of other tangible assets. Annually, the Company assesses goodwill impairment by applying a fair value based test. This fair value based test involves assumptions regarding the long-term future performance of the Company, fair value of the assets and liabilities of the Company, cost of capital rates and other assumptions. However, actual recovery of remaining goodwill could differ from these assumptions based on market conditions and other factors. In the event remaining goodwill is determined to be impaired, a charge to earnings would be required.



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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, 2011.

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, 2011. To help mitigate our risk to rising fuel prices, the Company has implemented a fuel surcharge program. This program is well established within the industry and customer acceptance of fuel surcharges remains high. Since the amount of 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 September 30, 2012. 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 (in millions) was estimated based upon the borrowing rates currently available to the Company for debt with similar terms and remaining maturities.

|                       | Expected maturity date |         |        |        |         |            | 2012    |            |
|-----------------------|------------------------|---------|--------|--------|---------|------------|---------|------------|
|                       | 2012                   | 2013    | 2014   | 2015   | 2016    | Thereafter | Total   | Fair Value |
| Fixed rate debt       | \$ 11.1                | \$ 22.1 | \$ 7.2 | \$ 7.2 | \$ 7.1  | \$ 7.1     | \$ 61.8 | \$ 65.7    |
| Average interest rate | 6.93%                  | 6.98%   | 6.78%  | 6.16%  | 6.16%   | 6.16%      |         |            |
| Variable rate debt    |                        |         |        |        | \$ 19.4 |            | \$ 19.4 | \$ 19.4    |
| Average interest rate |                        |         |        |        | 3.5%    |            |         |            |

**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 Disclosure 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, 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.



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### *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 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 Commitments and Contingencies of the accompanying condensed 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, 2011 and there have been no material changes.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Issuer Purchases of Equity Securities**

| Period                                       | (a) Total<br>Number of<br>Shares (or<br>Units)<br>Purchased (1) | (b) Average<br>Price Paid per<br>Share (or<br>Unit) | (c) Total Number<br>of Shares (or Units)<br>Purchased<br>as Part<br>of Publicly<br>Announced<br>Plans<br>or<br>Programs | (d) Maximum<br>Number (or<br>Approximate Dollar<br>Value) of<br>Shares (or<br>Units) that<br>may Yet<br>be Purchased<br>under<br>the Plans or Programs |
|----------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 1, 2012 through July 31, 2012           | (2)                                                             | \$ (2)                                              |                                                                                                                         | \$                                                                                                                                                     |
| August 1, 2012 through August 31, 2012       | (3)                                                             | (3)                                                 |                                                                                                                         |                                                                                                                                                        |
| September 1, 2012 through September 30, 2012 | 870 (4)                                                         | 20.96 (4)                                           |                                                                                                                         |                                                                                                                                                        |
| Total                                        | 870                                                             |                                                     |                                                                                                                         |                                                                                                                                                        |

(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 had no sales of Saia stock on the open market during the period of July 1, 2012 through July 30, 2012.

(3) The Saia, Inc. Executive Capital Accumulation Plan sold 800 shares of Saia stock at an average of \$23.94 per share on the open market during the period of August 1, 2012 through August 31, 2012.

(4) The Saia, Inc. Executive Capital Accumulation Plan sold 2,648 shares of Saia stock at an average of \$21.58 per share on the open market during the period of September 1, 2012 through September 30, 2012.

**Item 3. Defaults Upon Senior Securities** None

**Item 4. Mine Safety Disclosures** None

**Item 5. Other Information** None

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### **Item 6. Exhibits**

| <b>Exhibit Number</b> | <b>Description of Exhibit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 3.3                   | Certificate of Elimination filed with the Delaware Secretary of State on December 16, 2010 (incorporated herein by reference to Exhibit 3.1 of Saia, Inc. s Form 8-K (File No. 0-49983) filed on December 20, 2010).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 4.2                   | Amendment to the Rights Agreement between the Company and Computershare Trust Company, N.A as dated as of December 15, 2010 (incorporated herein by reference to Exhibit 4.1 of Saia, Inc. s Form 8-K (File No. 0-49983) filed on December 20, 2010).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 101                   | The following financial information from Saia, Inc. s Quarterly Report on Form 10-Q for the quarters ended September 30, 2012, formatted in XBRL (Extensible Business Reporting Language) includes: (i) Condensed Consolidated Balance Sheets as of September 30, 2012 and December 31, 2011, (ii) Condensed Consolidated Statements of Operations for the quarters and nine months ended September 30, 2012 and 2011, (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011, and (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text. In accordance with Regulation S-T, the XBRL-formatted interactive data files that comprise this Exhibit 101 shall be deemed furnished and not filed. |

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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: November 7, 2012

/s/ James A. Darby  
James A. Darby

Vice President of Finance and

Chief Financial Officer

**Table of Contents**

**EXHIBIT INDEX**

| <b>Exhibit Number</b> | <b>Description of Exhibit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 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).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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