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SWFT - Q3 2013 Swift Transportation Earnings Conference Call

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CORPORATE PARTICIPANTS

Jason Bates *Swift Transportation - VP of Finance and IR Officer*

Richard Stocking *Swift Transportation - President and COO*

Ginnie Henkels *Swift Transportation - EVP & CFO*

PRESENTATION

Operator

Good morning. My name is Tony and I will be your conference operator today. At this time I would like to welcome everyone to the Swift Transportation Q3 2013 Q&A session. All lines have been based on mute to prevent any background noise.

(Operator Instructions)

Thank you. Mr. Bates, you may begin your conference.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Thank you, Tony. We would like to welcome everyone out to Swift's third-quarter 2013 Q&A session. As a reminder, we have posted a comprehensive letter to stockholders, summarizing our results on the front page of our Investor Relations website. We will start the call today with the forward-looking statement disclosure.

This call contains statements what may constitute forward-looking statements, which are based on information currently available, usually identified by words such as anticipates, believes, estimates, plans, projects, expects, hopes, intends, will, could, may, or similar expressions which speak only as of the date the statement was made. Such forward-looking statements are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995.

Such forward-looking statements are inherently uncertain, are based upon the current beliefs, assumptions, and expectations of Company management and current market conditions, which are subject to significant risks and uncertainties as set forth in the risk factors section of our annual report Form 10-K, for the year ended December 31, 2012.

As to the Company's business and financial performance, there are many factors that could cause actual results to differ materially from those in any forward-looking statements. You should understand that there are many important factors in addition to those discussed and in our filings with the SEC that could impact us financially.

As a result of these and other factors, actual results may differ from those set forth in the forward-looking statements, and the prices of the Company's securities may fluctuate dramatically. The Company makes no commitment and disclaims any duty to update or revise any forward-looking statements to reflect future events, new information, or changes in these expectations.

In addition to our GAAP results, this call also includes certain non-GAAP financial measures as defined by the SEC. The calculation of each measure, including the reconciliation to the most closely related GAAP measure, and the reasons management believes each non-GAAP measure is useful, are included in the schedules attached to our letter to stockholders.

So with that out of the way, I would like to recognize the members of Swift's management team on the line today. We have Jerry Moyes, our Founder and Chief Executive Officer; Richard Stocking, our President and Chief Operating Officer; and Ginnie Henkels, our Executive Vice President and Chief Financial Officer.

Again, my name is Jason Bates, Swift's Vice President of Finance and Investor Relations Officer, and I will be moderating today's Q&A session. We appreciate all of the questions that were submitted prior to the deadline last night. Similar to quarters past, we have categorized them and will do our best to provide detailed responses to each one. To the extent you have additional questions, feel free to reach out to me after the call.

With that, we will start off the call today with a couple of questions on rate and volume trends.

QUESTIONS AND ANSWERS

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Can you discuss the current pricing environment, especially in light of some strengthening in spot rates? Also can you remind us of Swift's exposure to the spot market, and discuss the higher spot rate's impact on brokerage operations.

Richard Stocking - *Swift Transportation - President and COO*

Thank you, Jason, and good morning, everyone. As we have discussed in the past, our business is primarily contract in nature so we have limited exposure to the positive and negative fluctuations in the spot market. However, we have seen a slight uptick in truck repositioning, which benefits our rate. Historically, we have experienced seasonal improvement in the fourth quarter, and we are expecting that trend to be the same this year. Regarding the impact of the spot rates on our brokerage operations, there is a correlation between spot rates and the associated amount of brokerage opportunities available and their associated margins.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Can you provide some color on how pricing and volume growth rates trended across each of your segments through the third quarter on a monthly basis?

Richard Stocking - *Swift Transportation - President and COO*

Yes, each of our operating segments experienced increases in their rate per loaded mile from the beginning of the quarter to the end of the quarter. Freight volumes were less consistent, but that is affected by the number of business days declining each month, when compared to the prior month, just based on how the weekends and holidays fell on the calendar this year.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How is demand trending so far in October, and what are your expectations for the rest of the fourth quarter?

Richard Stocking - *Swift Transportation - President and COO*

We are only a few weeks into the quarter, with our busiest weeks ahead of us. However, thus far, we are encouraged with the trends we have seen so far this month. There have been a couple of weekends that were a little bit slower than we would have liked, but we believe that trend was short-lived. We believe that we will be strong for the rest of this month, and are encouraged about the trends and what our customers are telling us regarding their expectation or expected demands for the quarter, as well as our pre-bookings and same-day bookings that we have experienced.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Great. There were a few questions on equipment. Could you provide the average age of the tractor fleet? What is your target average age?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Yes, the average age of our operational sleeper fleet is just under two years at the end of the third quarter. We dispose of our trucks, as we've talked about, based on age and mileage. So we don't necessarily have a specific target for an average age, but we are happy with the current age of our fleet.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Could you give us fleet statistics on the dry van trailer fleet, the temperature-controlled trailer fleet, and the container fleet? Also could you provide average age for each of those trailing equipment types? Finally, what are your target ages for each of these equipment types?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We don't disclose the average age of our trailer fleet, because we have a fleet of older trailers that we use on specific operations, and this skews the overall average. But we typically purchase roughly 3,000 to 4000 dry van trailers each year and expect this trend to continue. Central's reefer fleet has an average age of roughly four years, that we talked about on the acquisition call. And we expect to maintain that age.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How is the used equipment market holding up? Does the state of the used equipment market factor into your pace of equipment replacement?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

The used equipment market is pretty strong. The used equipment market is one of the many items we consider when determining when to dispose of equipment. We also factor in fuel economy, maintenance costs, purchase price, mileage, age of the current fleet, et cetera. So there's many things that we consider.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Do you have any unseated trucks parked up against the fence?

Richard Stocking - *Swift Transportation - President and COO*

We do not have any trucks parked against the fence and out of our operations. We do, however, have trucks that can become unseated for a short period of time while we prepare for another driver. We include these trucks in our operational truck count.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What percentage of the operational tractors come from owner/operators? Is that percentage growing or declining?

Richard Stocking - *Swift Transportation - President and COO*

In our press release on pages 21 and 22, we disclose the period ending truck counts as well as the average throughout the quarter by segment. At the end of the third quarter, the percentage of owner-operators was around 27%, which is down slightly from the end of 2012.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What was the fuel efficiency, or MPG, of the fleet in the third quarter of 2013? Will bringing 2014 equipment into the fleet and retiring older tractors materially change the efficiency?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We don't disclose our actual miles per gallon, but we are seeing some good improvements in certain truck and engine combinations. The newer equipment we bring into our fleet in 2014 will help our overall fuel economy, but it's also much more expensive than the equipment that we are replacing. So the improved fuel efficiency does help to offset some of that incremental capital cost.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How should we think about gains on sale for the fourth quarter of 2013?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Assuming the used truck market stays strong and freight volumes do not vary significantly from our expectations, we expect gains to be in the range of $3 million to $5 million in the fourth quarter.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

There were a handful of questions about drivers and hours of service. How many new drivers are in your training school pipeline? How does that compare to six months ago or one year ago?

Richard Stocking - *Swift Transportation - President and COO*

We have just over 1,400 drivers in our pipeline from the academy to first dispatch, which is up approximately 7% from this time last year, and essentially flat from six months ago. Having said that, the driver market is a lot more difficult today than it has been in periods past. I can tell you that our entire team has been focused and will continue to remain focused on our recruiting and retention efforts for the rest of this year and into 2014. This focus on recruiting and retaining drivers will help ensure that we are well-positioned to fulfill our needs and more importantly, those of our customers, as we grow and gain our market share.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What was annualized driver turnover in the quarter? Is it declining or increasing?

Richard Stocking - *Swift Transportation - President and COO*

Our turnover percentage has increased slightly when compared to the prior year. While we do not disclose the exact number, we can tell you that we remain at levels well below historical and industry averages.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Have there been any material changes in driver pay and/or recruiting costs in the third quarter?

Richard Stocking - *Swift Transportation - President and COO*

As you may recall, we rolled out our driver pay incentive program in the third quarter of last year. That program is designed to continue to reward drivers who meet specific performance criteria. This is a mutually beneficial program, and we hope to continue to see drivers improve their status within the system. However, the mix of drivers is continually changing, and therefore on a net basis, we have not experienced a meaningful change in our total blended rate per mile. Regarding recruiting costs, we have slightly increased our marketing and advertising, with the goal of keeping our driver academies full.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How do you expect hours of service to impact truck utilization in the fourth quarter?

Richard Stocking - *Swift Transportation - President and COO*

Well as we've stated during the quarter, we felt like hours of service was a 2% to 3% impact in Q3. Many of our peers have cited similar figures. We have made a point to provide training to all of our drivers and driver support positions here at Swift, on how to best minimize the impact of these new regulations. Our hope is that with an entire quarter of experience operating with the new regulations, combined with the training we are providing, we will be able to slightly reduce the impact in Q4.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Moving on to operating expenses, there were a couple of questions about insurance. Are the unfavorable developments in insurance and claims occurring more in the truckload, dedicated, or Central operating segments?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

The majority of the impact from the unfavorable developments in the quarter was in the truckload segment, although each of the segments experienced some increase year over year, with the exception of intermodal.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What is your self-insured retention level for insurance? Are you considering reducing or increasing it, and why?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Our current SIR is $10 million for liability and $5 million for workers' comp. We evaluate reducing the SIR each year as a part of our insurance renewal policy, but we have found it to be more economical for us to maintain our current SIRs.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

There were questions about Central. The first one, does Central collect fuel surcharge on diesel burned by tractor and reefer units or just diesel burned by tractors?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

The fuel surcharge revenue varies by customer within Central. Some customers allow a separate reefer fuel surcharge; others increase the tractor fuel surcharge for refrigerated freight or increase the base rate for refrigerated freight to compensate for reefer fuel.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Were there any mix changes experienced during the quarter for Central, such as length of haul and/or weight per shipment, et cetera, that influenced the yield?

Richard Stocking - *Swift Transportation - President and COO*

The one significant change to mix related to the ramp-up of a new dedicated potato hauling fleet. This was a private fleet conversion that started up this summer. This fleet has a significantly shorter length of haul compared to Central's line haul and dedicated businesses. The existing line haul and dedicated length of haul increased slightly in the third quarter on a combined basis.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Can you discuss the current pricing environment, especially in light of some strengthening in spot races. What is Central's exposure to the spot market? Also discuss higher spot rates' impact on brokerage operations.

Richard Stocking - *Swift Transportation - President and COO*

The majority of Central's business is on contract. Therefore, changes in spot rates have minimal impact on pricing. The large portion of Central's brokerage business is covering overflow freight from their dedicated and line haul fleets, thereby minimizing the spot pricing impacts.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What was the bigger influence in the operating ratio slippage at Central, new dedicated start-up costs, higher insurance and claims for medical? And which of these factors will linger into the fourth quarter of 2013 and even the first half of 2014?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Looking year over year, the largest negative impact was the start-up costs of the new dedicated potato business Richard mentioned. Margins for this fleet fell well below expectations, due to higher-than-expected maintenance costs, lower utilization, and higher third-party carrier costs than were originally anticipated. We expect the margins on this new potato fleet to improve in Q4, over Q3, and then be back on track for next year.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Were there any integration or incremental operational costs from the acquisition in the quarter? And if so, will any be ongoing into the fourth quarter and next year?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

As shown in the tables at the back of the letter, we did have some integration costs in the quarter, but they are excluded from the adjusted OR calculation, so you can see the overall operational impact and the true operational operating ratio. So just looking at the Central segment, they did have roughly $887,000 of expense related to the acceleration of stock options. But again, this was backed out of their adjusted OR.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Does Central have higher insurance expense as a percentage of net operating revenue relative to truckload and dedicated? Is there an opportunity to reduce their insurance expense as a result of the acquisition?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

The answer to this question varies by quarter, but in general, they are roughly in line with Swift's truckload and dedicated businesses. When doing due diligence, insurance and claims was not identified as an area of significant opportunity for synergies.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Can you give any guidance on modeling Central's top-line growth and operating ratio for the fourth quarter and 2014 to account for the recent dedicated customer wins?

Richard Stocking - *Swift Transportation - President and COO*

In Q4, Central's revenue, excluding fuel surcharges, should be up 10% to 15% year over year. For the full year 2014, as we discussed on the acquisition call, we are targeting 7% to 9% growth.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Does the revenue, excluding FSR per-tractor, per-week stat exclude revenue from non-trucking services, such as the intermodal TOFC business and revenue from services provided by owner-operators?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Yes, the revenue from these services are excluded from the revenue per truck stat, just like our truckload segment.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Moving on to intermodal. Can you discuss the current intermodal volume and pricing environment, especially in light of weaker-than-expected results from some of your competitors?

Richard Stocking - *Swift Transportation - President and COO*

Sure. Our pricing has been moderate throughout the quarter, meaning that we are not dropping rates, but we're not getting substantial rate increases either. Freight for the quarter was somewhat choppy. July was strong; August was down some; and September was also strong. October volumes in the first few days started off somewhat softer, but have strengthened throughout the month.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What are your expectations for revenue growth and profitability for the fourth quarter and into 2014? What is the long-term profit target for the intermodal segment? What are the key drivers for operating ratio improvement?

Richard Stocking - *Swift Transportation - President and COO*

Good question. We have implemented several initiatives that we're excited about this year to improve the profitability of intermodal. We believe the improvements in the third quarter are a direct result of those initiatives. The key for us is to improve our dray efficiency, network, and container turns along with other initiatives we have in place. We expect these initiatives that began this year to provide additional margin improvements in 2014. We do not provide specific guidance for margins, but I will say that over the next several years, we expect our margins to approach the very low 90s. As for revenue, we are targeting growth of 15% to 20% in 2014.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Will you be adding any containers next year?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We believe our current container fleet can handle the expected revenue growth in 2014; however, we may add containers in the second half of the year if volumes are strong.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How does your intermodal pricing from the railroads compare to that secured by the big intermodal players, namely JB Hunt and Hub Group? Does your pricing have any scaling features that drives price from the rails down as your volume builds?

Richard Stocking - *Swift Transportation - President and COO*

We don't have access to specific competitor contracts; however, we believe that our rates are very competitive. Per the terms of our contracts with rail providers, we do not disclose specific information about our pricing structure. We focus on bringing value to our customers by providing solutions using our entire suite of services, and we can leverage our suite to grow the intermodal product.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Do you own your own chassis or lease them, short-term or long-term from Trac Intermodal, Flexi-Van or Direct ChassisLink?

Richard Stocking - *Swift Transportation - President and COO*

We lease our chassis but do not provide information about our specific vendors.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What percentage of the intermodal dray is provided by Company power?

Richard Stocking - *Swift Transportation - President and COO*

Currently, the percentage of dray provided by Company power is just over 60%, with our goal of growing to a higher percentage of 80%, 85%.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Moving on to the truckload segment, what was the average length of haul in your truckload and dedicated segment during the third quarter, and how does it compare to the third quarter of last year?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We have not provided the specific segments average length of haul metrics in the past, but we will consider this in future periods. There hasn't been significant changes year over year.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Within truckload, revenue per mile improved $0.06 sequentially last year from the third quarter to the fourth quarter. Based on your expectations for freight demand and results of bids earlier in the year, is a similar increase likely this year?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Yes. While the number may not be exactly $0.06, we expect to realize a sequential improvement this year, similar to what we experienced last year.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Based on your truck-count expectations for the fourth quarter, the truckload fleet growth will fall below your original expectations. Is this a combination of the economy and the driver market? What factors are required to grow the truckload fleet count into 2014?

Richard Stocking - *Swift Transportation - President and COO*

I would say the slower-than-anticipated economic growth has been the primary factor, with a more difficult driver market coming in second. As we have stated all along, our goal is to maximize the utilization on our existing equipment, with the goal of improving our return on our net assets. If the economy and the driver market isn't cooperating, which has been the case at times this year, we will be disciplined to not add trucks simply for the sake of adding equipment. Regarding what we need to be able to grow next year, the strength of the economy will be a factor, but we also plan to leverage our suite of services to grow in 2014.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Of the 2.4% increase in truckloads' rate per loaded mile, how much was mix, such as new lanes or length of haul changes, versus how much was actual rate improvement?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We do not provide that level of breakdown on our rate metrics at this time.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

There were a few questions for the dedicated segment. Is the dedicated market more or less price competitive than it was six months or one year ago?

Richard Stocking - *Swift Transportation - President and COO*

Well we haven't changed our requirements for margins and returns in this business, but our win percentage is improving. This isn't due to lack of competition; it's more a reflection of our ability to sell our entire suite of services. We have modern equipment; a significant shop network; safe, legal drivers; cross-border services; multiple equipment types; and an expansive truckload network that can provide surge support as well as back-haul freight. These are just a few of the benefits that set us apart from our competition and that we use to gain market share.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Within dedicated, what is the average contract length. Is it three years?

Richard Stocking - *Swift Transportation - President and COO*

Yes. It's three to five years, generally in that range.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Can you elaborate on the customer wins coming in the fourth quarter?

Richard Stocking - *Swift Transportation - President and COO*

Well, for competitive reasons, we do not disclose specific details about our customers' wins. I would just say that our percentage of wins is growing.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Finally, do you anticipate any meaningful startup costs within dedicated related to the expected on-boarding of new customers in the fourth quarter?

Richard Stocking - *Swift Transportation - President and COO*

There might be some headwinds, but based on the opportunities that we currently have in the pipeline, we do not anticipate the start-up costs to be material for the fourth quarter.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

There was one question about brokerage. How did the brokerage operation perform in the quarter? It looks like volume was down year over year. How many years will it take to ramp to that $1 billion in sales, and is that still a viable target?

Richard Stocking - *Swift Transportation - President and COO*

We're excited about various customer wins. Unfortunately, we were recently unsuccessful in retaining one of our large accounts. Having said that, we are encouraged by our recent growth trends and expect to continue to focus on profitable revenue growth in 2014.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

There were several questions on debt and CapEx. Can you discuss the outlook for leverage ratio through 2014? It declined to 2.59 in the third quarter, even with the increase in debt. Will the decline continue?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

As we stated previously, we are targeting to be near 2.5 times debt to EBITDA by the end of 2013. For 2014, I would expect this to continue to decline another 25 to 30 basis points, so to roughly 2.2 times by the end of next year.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Even though there are no required payments on certain debt until December of 2014, will Swift keep making voluntary prepayments? Also, are there any limitations to how much debt prepayment Swift can pursue?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We can prepay the term loans, the revolver, or the AR facility at any time without prepayment penalties. The $500 million of 10% notes are not callable until November of 2014, at which point we would have to pay a 5% premium to take them out. Generally, we pay the principal payments on the term loan a year in advance, and otherwise, will reduce other pre-payable debt based on the interest rate. Between now and November of next year, we will likely pay off the revolver and AR securitization facilities, or when we're making repayments, we will pay those facilities first to ensure we have the capacity to call the notes when that option becomes available to us in November.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Is a true that the equity offering had to be completed by October 15 in order to claw back the 35% of the 10% notes?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

Yes, the 35% equity claw on the notes expires on November 15. But there is an irrevocable 30-day notice that had to be issued by October 15. Therefore, we would have wanted to complete the equity offering by October 15 if we were going to invoke the clause. Since the stock price was not at a level that would create a near-neutral transaction, as we talked about, within our window, we no longer have this option available to us.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What was the consolidated interest coverage ratio as of September 30?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

The interest coverage ratio was 6.33% and the minimum required is 3.125%.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What is your targeted debt reduction for the fourth quarter of this year, as well as 2014?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

We are targeting to reduce our net debt by $50 million to $60 million or so in the fourth quarter. For 2014, we will become cash tax payers again. We are in the process of finalizing our CapEx plans, but we're targeting a net-debt reduction of at least $50 million to $100 million for 2014.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

What does management anticipate for 2014 CapEx?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

As I just mentioned, we are in the process of finalizing these plans. But at this point, I would expect it to be similar to 2013 on a net cash CapEx basis, so somewhere in the $225 million range.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

There were a couple of miscellaneous questions. Were there any mix changes experienced during the quarter, ie, length of haul, and/ or weight per shipment that influenced your overall yield?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

There have been no material mix changes during the quarter that would have negatively impacted the yield.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How was the business into and out of Mexico during the quarter?

Richard Stocking - *Swift Transportation - President and COO*

It was a relatively normal quarter for our Mexican operations, nothing out of the ordinary. We continue to remain optimistic about this service offering going forward and the growth potential that exists south of the border. Jerry talked about a new win in Mexico last quarter, and that is up and running currently.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

How was the southbound traffic from Canada to the USA developing?

Richard Stocking - *Swift Transportation - President and COO*

Very nicely. We have recently hired a sales presence in Canada to address our southbound needs and are very encouraged about the trends and business opportunities that we are winning currently.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

The fourth quarter of 2012 was a monster quarter, driven in part by special project work for retailers. What is the outlook for such project work this year, and what is the likelihood that EPS can match or even beat last year's EPS of $0.38.

Richard Stocking - *Swift Transportation - President and COO*

As we discussed last year, the project business was not the key driver for our monster Q4 last year. As you may recall, we were one of the only carriers to state that we were overbooked that quarter. That is a result of the time and energy we have invested into building out an extensive network with multiple service offerings, combined with exceptional service. The combination of these efforts has allowed us to be positioned to flex up and take on additional business in busy seasons. We expect that to reoccur. Our superior processes, fanatical discipline, and focus on execution make it possible for us to say yes to customers during key peak moments, when others may not. So our ability to take share during these periods is the key driver for our monster fourth quarters. Ginnie will address our EPS expectations for Q4.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

With respect to the 2013 VPF transaction, what is the maximum number of shares that could be tendered to an unrelated third party, someone besides Jerry Moyes or his affiliates, after December 31of 2013, and potentially sold into the open market to settle the 2010 METS? Is it correct to think the number of shares to satisfy this obligation is dependent on the share price at December 31 of 2013?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

This question is based on the filing that Jerry Moyes made in the subsequent 8-K that the Company made, with regard to Jerry's anticipated transactions to effectively roll his 2010 METS that he entered into in conjunction with the IPO in 2010. So, in a nutshell, you are correct. The actual numbers of shares required to settle the 2010 METS is dependent on the stock price. But so long as the stock price is above $13.48, the number of shares that will be used to settle that facility is roughly $19.5 million. To be clear, these are currently outstanding shares. No new shares will be issued, as this is a Jerry Moyes transaction, not a Company transaction. So also, when all is said and done, with the new 2013 BPF transaction that Jerry intends to execute, as described in his filings, Jerry and his affiliates will retain basically the same number of shares as they have today. We are not anticipating any significant changes in ownership percentages as a result of these transactions once they are all concluded after December 31 of this year.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Finally, one question on guidance. Is there any update to the Company's guidance for the fourth quarter? Are you comfortable with the current analyst estimates?

Ginnie Henkels - *Swift Transportation - EVP & CFO*

As we have talked about, we had a very robust fourth quarter last year and expect this year to be just as robust. So therefore, we are comfortable with the current consensus estimates. And for the full year, we expect to exceed our goal of 15% EPS growth.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

So, with that, I will turn it over to Richard for some closing remarks.

Richard Stocking - *Swift Transportation - President and COO*

We would like to thank everybody for participating and being on the call. We are very proud of our team's efforts, and our new culture is really maturing. We feel our processes are aligned to achieve our goals, and our ability and discipline to execute on our strategies and goals is growing and strengthening each day. We are excited about the fourth quarter, because of the combination of our extensive network, our multiple service offerings, and our exceptional service, and our ability to say yes to our customers. We have become fanatically disciplined in many, many areas at Swift. And we use empirical data and creativity to make decisions. And more importantly, we believe that the best ideas haven't been thought of yet, and we have a great future going forward. We are very excited about the team in the quarter and thank everyone for being on the call today.

Jason Bates - *Swift Transportation - VP of Finance and IR Officer*

Thank you.

Operator

Thank you for your participation. This concludes today's conference call. You may now disconnect.
