SWIFT TRANSPORTATION COMPANY

Moderator: Jason Bates
April 25, 2014
11:00 a.m. ET

Operator: Good morning my name is (Jeremy) and I will be your conference operator today. At this time I would like to welcome everyone to the Q1 2014 question-and-answer session.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star then the number one on your telephone keypad. If you would like to withdraw your question press the pound key.

I would now like to turn the call over to Mr. Jason Bates who will begin your conference.

Jason Bates: Great, thank you (Jeremy).

We'd like to welcome you all out to Swift Transportation's first-quarter 2014 question-and-answer session. As a reminder we have posted a comprehensive letter to stockholders summarizing our results on the front page of our investor relations Web site.

We will start the call today with our forward-looking statement disclosure. This call contains statements that 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 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 Factor section of our annual report Form 10-K for the year ended December 31, 2013.

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. 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 a reconciliation to the most closely related GAAP measure and the reasons management believes such non-GAAP measure is useful are included in the schedules attached to our letter to stockholders.

So with that out-of-the-way I'd 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 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.

Finally, before we get to the questions I want to remind everyone that we will be hosting our 2014 Investor Day next Friday, May 2nd at the New York Stock Exchange. The format will be similar to last year with the event beginning at 9 AM and concluding before noon. It will be comprised of presentations from various levels of management followed by a live Q&A with Jerry, Richard, Ginnie, myself and some of our business unit leaders as well.

We encourage you to take advantage of this unique opportunity to interact with management and learn more about Swift Transportation. Who we are, where we've been and where we are going. Space is limited so if you've not yet registered please do so by sending your contact information to investorday@swiftrans.com. With that we'll start the Q&A portion of the call today with a couple of questions on adjusted EPS trends in guidance.

Jason Bates: The updated full-year guidance of $1.31 to $1.41 implies a significant ramp in the second half of 2014 EPS. What gives you this confidence as the first half EPS is expected to be roughly $0.45 at the midpoint of the Q2 guide new business wins, customer rate increases?

Ginnie Henkels: There are numerous items that cause our second half expectations to be greater than the first half. The first two are obviously weather and essential systems integration which combined are roughly $0.08 of EPS. Also as you mentioned, the rate increases that we are negotiating now will be in place for the second half of the year.

Within Dedicated we have startup costs of the new contracts in the first half but we will be able to experience growth and efficiencies in the second half that will drive both revenue and margins. In Truckload we will be able to focus on growth as we move away from supporting the dedicated startups. Also we are expecting Utilization to improve particularly year over year as we lap the hours of service changes and begin to realize the efforts of our utilization strategic focus teams.

In Central we will move past the integration costs and begin to realize the synergies. Within Intermodal and Logistics we have new customer awards that will generate additional revenue in the second half as well as margin improvement.

Also as we continue to reduce our debt position and refinance the notes later in the year we would expect our interest expense to decline in the second half as well. In addition to all of these we also have the seasonal special projects in the fourth quarter that adds to earnings in the second half.

Jason Bates: Can you quantify for us the momentum you are seeing month-to-date in April? Given this momentum why is your guidance so far below the street in the second quarter?

Ginnie Henkels: The momentum we're seeing in April relates to several of the items that I referenced above with regard to dedicated and other awards but many of them will not be up and running efficiently until Q3, and Richard will expand on this in a minute. But we also have cost associated with these items in Q2 that will pay off later in the year.

Jason Bates: What are the expected proceeds from the sale of the three central refrigerated facilities? What is the expected timing? Is it included in your $8 million to $9 million of full-year gain on sale? What will the ongoing savings be to operating expenses from the sale of these facilities?

Ginnie Henkels: The net proceeds should be between $14 million to $15 million for all three properties. The $8 million to $9 million of gain that we referenced in the letter is related to the sale of equipment not these properties. We are expecting at least one property to close in Q2 and that property is not expected to have a gain.

The other two properties should close no later than Q3 and could be in Q2 but those should have a gain of $3 million to $4 million. This $3 million to $4 million is in addition to the $8 million to $9 million we quoted on the equipment gains. On an annualized basis we expect the savings related to the facilities consolidation to be close to $1 million of expense a year.

Jason Bates: We're going to move to several questions related to debt.

Do you still plan to call or refinance the remaining balance of the $500 million worth of notes in November?

Ginnie Henkels: Yes, that is still our current plan.

Jason Bates: And given the $55 million in net debt reduction in the quarter what is your full-year expectation for debt repayment?

Ginnie Henkels: There will be some cost to refinance the debt and pay off the notes later in the year but we should still be able to reduce our net debt by roughly $100 million for the year.

Jason Bates: What amount of interest expense is incorporated in the second-quarter of 2014 and the full year 2014 guidance?

Ginnie Henkels: For Q2 it's roughly $23.5 million to $24 million and for the full-year this will obviously depend on the timing and success of the refinance and the movement in interest rates throughout the year but in total it should be in the range of $90 million to $95 million.

Jason Bates: With regard to the repurchase and cancellation of the senior secured second lean notes; is the ability to do this dependent on market conditions? Are you limited in the amount you can repurchase and is there any update on the potential for refinancing these notes in November 2014 or sooner?

Ginnie Henkels: We are able to call all of the notes in November but to do so we will need to refinance our term loan facilities to give us the capacity and flexibility to do so. This refinance is dependent upon market conditions which are currently quite strong.

Jason Bates: Do you regret not having done the equity deal last fall in order to speed the deleveraging process?

Ginnie Henkels: No, because at the time the stock price was not high enough to make the transaction accretive. I do regret that our stock price was not $25 in October.

Jason Bates: It is encouraging to see you in the open market repurchasing your 10 percent notes with cash. Can you give us the average price you paid for the notes in the same – and some thoughts around the decision to do so now versus at 105 in November? How much accretion are you anticipating in second-half 2014 as a result of this decision?

Ginnie Henkels: We were able to acquire the bonds at a price that was a bit less than the call price plus interest between now and the call date. So roughly around 110 which is why we chose to buy the bonds now. The bonds had previously been trading at a premium prior to recent months.

Given creeping tender rules we do not expect to continue purchasing bonds at this point, but being able to pay off some of the bonds rather than the term debt in March and April will save us about $1.5 million this year.

Jason Bates: There were a handful of questions on volume – general volume and rate trends. The first, how does bid activity compare to a year ago? Are more shippers forsaking formal bids and conversing directly with carriers given concerns about capacity?

Richard Stocking: Good morning.

The bids have been very solid in Q1. Some shippers are forsaking formal bids; others are limiting their bids to just a few carriers. But for the most part customers are still going through bids as they are seeking to get more capacity. Keep in mind however that just because a customer doesn't go through a bid, doesn't mean that we can't seek rate increases and we're doing that in certain situations.

Jason Bates: Were you able to play in the spot market much in the first quarter? Or is all your capacity committed to contract customers?

Richard Stocking: As we've stated a few times previously, we do not participate much in the spot market and this quarter was no different. It's more in our repositioning activities.

Jason Bates: Can you provide some color around recent volume trends and what you are – and what your volume expectations are for 2014?

Richard Stocking: Sure. On the truckload side as we mentioned we were overbooked much of the quarter but the frustrating part of that was we were unable to take full advantage of the freight due to the disruptions caused by severe winter weather. During the quarter we had 19 storms that caused serious problems in our network. Since the weather has abated we have had a few good weeks in March followed by some positive trends here in April and we expect this trend to continue throughout the quarter and throughout the year.

Jason Bates: We are currently seeing rising rates across many forms of transportation. Can you talk about your prospects for raising your own rates faster than your cost of purchased transportation increases?

Jerry Moyes: We're obviously going to do everything in our power to ensure that our cost for the purchase transportation or otherwise do not outpace the rates we're charging our customers. As we've discussed in the past we don't just have great relationships with our customers but rather great strategic partnerships. Our partners understand the cost pressures our industry is facing and just as we've prepared them for what is likely in rate increases, I'm sure that they are preparing their customers similarly.

Jason Bates: So now we will move into questions related to each of the different segments. We'll start with the Dedicated segment.

What percentage of any of your Dedicated contracts are now below market given the improvement in rates to begin in 2014? Are there opportunities to address contracts that do not reflect current market rates? If so, how long before these conversions can be completed?

Richard Stocking: Well most of our dedicated contracts are three and five year terms. They generally have annual price reviews and escalators.

To the extent there has been a material change in the market like that which people are contemplating in 2014. It opens the door for further dialogue with these shippers.

Jason Bates: On your fourth-quarter call in late January, why did you guide the dedicated segment truck growth for the full-year to 350 to 400 when you added 550 in the first quarter alone?

Richard Stocking: That's a good problem to have. As we've discussed in the past, we're continually bidding on dedicated opportunities. Therefore, we always have several open bids in the pipeline. Our significant growth in the first quarter was a combination of a higher than expected win rate combined with various customers coming to us and requesting that we consider taking over an operation for them.

Jason Bates: Can you quantify for us the impact of the new business startup expenses in Dedicated in the first quarter? What does the margin profile look like for the new dedicated business wins and how quickly do you expect the contracts to operate at that level?

Richard Stocking: The new business startup expenses in Dedicated were approximately $2 million in the first quarter. Once up and running, which typically takes two to three months, we would expect the margin profile to be consistent with the rest of our Dedicated business.

Jason Bates: Should we be modeling any startup costs associated with these new dedicated business wins during the remainder of 2014?

Richard Stocking: There will be some spillover into the second quarter from our wins in Q1 given that a couple of the new facilities started up in late quarter. Regarding the remainder of the year, if we continue to win significant amounts of business every quarter like we did in Q1, then we would need to model startup costs. However, the more likely outcome is that we have slow steady growth so the impact would not nearly be as large.

Jason Bates: Do you expect Dedicated's revenue per tractor to improve sequentially or year over year in the second quarter?

Richard Stocking: Obviously, the answer will depend on various factors, specifically new startups as we just outlined. However, the short answer is that it is our goal to increase our weekly dedicated revenue per truck per week both sequentially as well as year over year.

Jason Bates: Shifting to the Truckload segment, what is the estimated truck fleet growth in 2014?

Richard Stocking: As we discussed in the letter to stockholders, the operational fleet in our truckload segment actually decreased in the first quarter to facilitate the greater than anticipated growth in our dedicated segment. This phenomenon may recur in future quarters depending on dedicated demand.

That fact combined with our desire to not grow beyond our ability to seat drivers has us cautiously forecasting our truckload fleet. As such we anticipate the truckload fleet to remain relatively flat from the second quarter to the fourth quarter.

However, we pride ourselves in being relatively nimble for such a large organization. So if the overall market meaningfully improves and we are able to secure drivers and profitable freight we will react accordingly.

Jason Bates: Has your expectation for truckload revenue per total mile ex-fuel of 2 percent to 3 percent for 2014 changed? What factors could result in this being higher or lower than your expectations?

Richard Stocking: As disclosed in the letter in the first quarter, we were able to realize 3 percent improvement in our truckload rate per mile. While we do not participate in the spot market to the same extent as some of our peers who clearly benefited in the first quarter from the increase in rates in that market we believe that a spot market is generally indicative of the contract market.

Therefore, given the strong spot market we believe the capacity availability concerns expressed by shippers are likely to materialize into more than the previously anticipated range of 2 percent to 3 percent. Exactly how much it will increase will largely depend on the longevity of the capacity crunch combined with the economic pickup.

Jason Bates: What specific plans or strategies are in place to drive better utilization throughout the network over and above what was accomplished during 2013?

Richard Stocking: We've created an entire strategic focus team at the beginning of this year as well as a handful of tactical teams with the specific task of addressing processes that will favorably impact our utilization. However, as much as I would love to go into more detail on this topic, unfortunately we have found that too much transparency on our specific strategic initiatives in a public forum like this can take away some of our competitive advantage.

Jason Bates: What impact did your network optimization effort have on mitigating the weather related issues in the first quarter?

Ginnie Henkels: That's a difficult question to answer. In a perfect world we would be able to isolate each of the variables which positively or negatively impact our utilization in the first quarter. But given all the concurrent moving pieces, it is impossible to quantify the exact amount of the positive impact of the network optimization initiative in the first quarter.

Jason Bates: Do you expect Truckload's fleet to decline 100 to 200 sequentially or year over year in the second quarter of 2014?

Richard Stocking: Sequentially.

Jason Bates: A peer sided it’s expectation that the irregular route market is the optimal place to be in truckload. Can you compare and contrast your experience and outlook in dedicated and one way truckload?

Jerry Moyes: A regular route freight as well as dedicated freight are both very good business models for Swift. While they both have unique operating characteristics seasonality, efficiencies and challenges at the end of the day they both carry relatively similar levels of profitability. We feel strongly that our ability to provide both service offerings, combined with our other suite of services gives us a competitive advantage in securing consistent business with our strategic partners.

Jason Bates: So we'll move to the Intermodal segment now. There were quite a few questions related to Intermodal. What sort of Intermodal load growth are you targeting in 2014?

Richard Stocking: We are targeting 15 percent to 20 percent Intermodal load growth for 2014. We have had a successful bid cycle year-to-date. There are several large accounts currently in the pipeline where we anticipate favorable results as the bid cycle continues.

We realized significant growth in our business in March and that trend is continuing into the first part of Q2. The combination of each of these items puts us in a relatively optimistic position as it relates to achieving our growth objectives in 2014.

Jason Bates: Can you elaborate on the current and Intermodal pricing environment?

Richard Stocking: The current bid season has been very active and we haven't had to sacrifice price to win new business. While we have realized moderate rate increases in selected markets, overall, I would say the current pricing environment is relatively stable.

Jason Bates: How is your box productivity changed or has it changed at all since the fourth quarter?

Richard Stocking: Well there was a decrease in box productivity from Q4 2013 to Q1 2014. It was no more than the typical seasonal drop-off.

Jason Bates: Can management provide more color on the recent Intermodal business awarded to the company driving the 500 container additions in the second half of 2014?

Richard Stocking: We don't disclose exact customer information but these awards have consisted of both truckload conversions as well as an increase in growth with our Intermodal customers.

Jason Bates: With the decision to add Intermodal containers have you maximized turns on your existing fleet and now future growth will require containers? Or is this a reflection of better-than-expected demand?

Richard Stocking: It's a combination of both. Bid season has been very robust and in some regards better than we anticipated. In addition as I discussed previously we have several bids in the pipeline several of which we hope to win.

In addition, our container turns are also improving. We have not added additional containers for the past several quarters as we have focused on asset utilization. Asset utilization will continue to be a focus of ours.

But keep in mind that in percentage terms, our growth of 500 containers only represents a 5.7 percent increase. This increase is lower than the 15 percent to 20 percent projected revenue growth for the year.

Jason Bates: Is the plan to add 500 containers in Intermodal necessitated by the BNSF service issues? And resulting limitation to utilization in terms of your existing fleet?

Richard Stocking: No. Our planned growth is driven by our recent bid success and our projected success on outstanding bids in the pipeline.

Jason Bates: Would Intermodal have had a sub-100 OR if not for the winter related congestion issues in Chicago? Can management quantify the amount of margin drag weather had on the Intermodal operating ratio?

Richard Stocking: Yes. We would have been sub-100 in the Intermodal segment for the quarter. But we haven't disclosed exact weather impacts on this segment. We continue to improve our operations. We have increased our asset utilization, Improved our network and more effectively managed our dray cost. We believe these efforts will continue to yield benefits on a go forward basis.

Jason Bates: Why would a customer use Swift for its Intermodal needs when experienced giants like JB Hunt and Hub Group are relatively available? What is your unique value proposition?

Jerry Moyes: Our value proposition is centered around our ability to handle their total transportation solutions. We believe our customers value having one organization that they can turn to, to handle their over the road, refrigerated, dedicated, Intermodal and logistics services. We believe that Swift is uniquely positioned to provide these services to our customers.

Jason Bates: Are you anticipating being profitable in Intermodal for the second quarter and for the full year? If not why are you adding containers now?

Richard Stocking: We've made substantial improvements in our profitability and expect to be profitable in the second quarter and for the full-year.

Jason Bates: What was the average container turn during the first quarter of 2014? And the first quarter of 2013? How long before box turns are expected to normalize?

Richard Stocking: We do not disclose those exact metrics. However, I will say that our container turns improved 8.4 percent in the first quarter of 2014 compared to Q1 of 2013. With the recent customer awards and projected incremental awards we anticipate that our container turns will be very strong come this peak season.

Jason Bates: Has rail service normalized for your Intermodal operations? Will the container additions be integrated over the entire course of the second half of 2014? And does this signify that you've reached a level of container turns that is tough to increase?

Richard Stocking: For the most part rail services normalized but we anticipate continued challenges particularly in the northern corridor from the Pacific Northwest to the Midwest due to the BNSF. We are working with our rail partners and are taking a more conservative approach in these areas where they continue to struggle.

Our plan is to have the container additions integrated into our fleet to take advantage of the peak season. Based on the strength of our recent bid activity and our projections for the fourth quarter we believe that our existing container fleet was not sufficient to handle the expected season volumes.

Jason Bates: Let's move into the central refrigerated segment.

What is the estimated truck fleet growth for central? Is it still 200 units?

Richard Stocking: With the system integration we did experience an increase in turnover at central in February. Given that, we are currently anticipating our average truck count for central in the second quarter to be down roughly 100 units from the average in Q1, but should increase throughout the remainder of the year to the end of the year roughly 50 trucks higher than last year.

Jason Bates: Following the system's integration for CRS to Swift, what is a reasonable operating ratio assumption for CRS in 2014 and 2015? Are the integration issues behind you at this point, or are additional costs expected and incorporated into the second-quarter and full-year 2014 guidance? Also what is the magnitude of cost savings from the elimination of redundant facilities and back-office combination?

Ginnie Henkels: We would expect Central's OR to improve throughout 2014 and into 2015. We still have integration costs in Q2 related to the facilities consolidation and the utilization challenges due to the turnover Richard just mentioned, but we will start to realize the synergies which we have said we expect to be roughly $4 million on an annualized basis.

As a reminder, these synergies will include facilities, back-office, fuel and maintenance. In addition to these synergies, they are making progress on the profitability of the large dedicated business that started in June of last year that will help with further OR improvements as we move throughout the year.

Jason Bates: CRS had negative impact of $2 million from weather and the implementation of new systems. How much did weather contribute? Was the impact from the implementation greater than expected or just exacerbated by the tight network conditions resulting from weather?

Richard Stocking: It's somewhat difficult to separate the impact from weather and impact from the system implementation. Since both were occurring at the same time. But the implementation did have a larger impact than what we were expecting.

The difference in process and responsibilities were greater than originally anticipated which had a greater impact on some of the drivers. We believe we are past that at this point and are making good progress going forward.

Jason Bates: As you talk about drivers there were several questions about the driver market.

Does the increasingly challenging driver market negatively impact your ability to continue to improve your fleet utilization? Or is it simply a constraint to growth? Does the outlook vary by division?

Asked another way, is the current driver market limiting your ability to grow both segments simultaneously? Do you believe your multi-pronged approach is a sustainable competitive advantage?

Richard Stocking: The deteriorating driver market is a constraint on both utilization and revenue growth but it is also contributing to the shortage of capacity. On the one hand this generates additional rates and utilization, but on the other it makes it more expensive to attract and retain drivers.

While we are not immune to these challenges we still believe that the programs we have in place as well as our internal academies put us in a better position to face these headwinds. Even though we have seen a recent uptick in turnover we remain better than the industry average.

In addition, we have several strategic teams and initiatives in place to improve our driver experience which we believe will help us attract and retain drivers in the future. Our schools still remain full and we have a solid pipeline of new drivers coming in. Keep in mind that even with all of these challenges in the driver market we have still been able to grow our fleet by over 600 trucks when you combine all of the segments.

Jason Bates: Can you talk about your view of dedicated relative to truckload? Does the decision to take trucks from Truckload and put them in to Dedicated signal your view that the market is more attractive there? Or is it related to challenges in recruiting drivers and the need to have capacity for contract wins?

Richard Stocking: Recently we have had some significant wins in our Dedicated segment and have struggled somewhat to hire driver’s quick enough to fill these contracts in the time allotted, but I wouldn't say we prefer Dedicated over the Truckload business.

We price both of these operations to meet our internal rates of return. However, a lot of our dedicated operations allow the drivers to stay closer to home and as a result we tend to have better driver retention and satisfaction with this line of business.

Jason Bates: What are management's expectations for driver pay during 2014? Has and will Swift initiate a driver pay increase? If so, what is the total year over year percentage change in terms of driver pay expected in 2014?

Richard Stocking: As we have stated in the past, we are committed to improving the drivers overall W-2 through increasing miles and overall pay. We believe we have put in several initiatives that are designed to do just that. Our driver ranking program is working and we expect to give several million dollars more back to our drivers this year when compared to last year.

This program, however, is a win to both the driver and to Swift as we realize additional benefits that offset these additional costs. We are however, looking at additional programs that could increase driver pay. These additional programs would also be similarly designed to offset other costs or generate additional revenues.

Jason Bates: Let's move to insurance. Can we expect insurance and claims expenses to average 4 percent of revenue ex-fuel surcharge moving forward? Was the $5.5 million of insurance expense related to the two claims in December incorporated in your prior 2014 outlook for EPS growth of 15 percent?

Ginnie Henkels: As we have stated in the letter, we guided for insurance and claims to be roughly 4.3 percent of revenue excluding fuel for the full-year, similar to 2013. The $5.5 million of expense related to the two December claims was not specifically included in the original outlook for EPS growth of 15 percent, but it is certainly included in our current guidance.

Jason Bates: Insurance and claims expense has now been elevated for two quarters and you raised your full-year expectations. Is this an area you expect to see more cost inflation over the coming years?

Ginnie Henkels: Good question. Given increasing medical costs and the litigious nature of our country, the cost of claims is definitely increasing. Therefore, we must focus on reducing the number and severity of crashes to combat this trend.

Jason Bates: Are you expecting any further impact in the second quarter of 2014 on the insurance line associated with the accidents from the fourth quarter of 2013 that require you to take a reserve in Q1? If so, how much?

Ginnie Henkels: I am not aware of anything at this time that would cause an increase.

Jason Bates: Do you expect insurance and claims expense to decline linearly over the course of the year or will it normalize dramatically in one particular quarter?

Ginnie Henkels: I don't expect it to decline linearly, it should normalize in Q2. But I hate to use the word normalize when it comes to insurance since we self-insure for the first $10 million and this can create some volatility.

Jason Bates: So we have several different miscellaneous topics here as we come to the conclusion of our Q&A session. The first one is related to acquisitions. Are you spending any time on acquisitions and do you have the borrowing capability to do any meaningful strategic deals?

Jerry Moyes: As you've heard us say in the past M&A has always been a part of our DNA since the time we first became public. We don't anticipate that to change in the future.

Having said that, we will only consider acquisitions which provide us with a unique competitive advantage and those that will be quickly accretive. We regularly receive acquisition proposals and when we believe there might be a strategic fit, we will dig into these opportunities to identify if it makes sense for us to pursue.

Regarding the latter part of the question about our borrowing capabilities, we currently have available liquidity of more than $400 million and have access to additional capacity in the market if the right opportunity comes. However, I can tell you our number one focus today is improving our internal results, both at Swift and at Central because we are not satisfied with these results and we're going to do better.

Jason Bates: Can you provide more detail regarding the $15 million of negative weather impact during the quarter? How much was it the result of lost revenue versus increased operating expenses?

Ginnie Henkels: It was obviously a combination of both of those items. But we have not provided that level of detail at this time.

Jason Bates: How is business in the trans-border market? Is Intermodal a competitive threat or an opportunity for you in that market?

Richard Stocking: The trans-border market is improving and we absolutely see this as an opportunity. We provide these services for both Canada and Mexico and expect to grow on both boarders for both Truckload and Intermodal. We have recently had some nice wins for Intermodal and expect to win additional business in 2014 and beyond.

Jason Bates: What is the difference between trucks available for dispatch and your total truck count in your release? For example, when I add the trucks available for dispatch for the Truckload, Dedicated, Refer and Intermodal segments it equates to 16,950 versus your total truck count of 18,370.

Should we think about the net difference as your unseated truck count? Is this because of a lack of drivers and if so could this eliminate the additional need for CapEx?

Ginnie Henkels: The difference between the trucks available for dispatch and the total truck count are as follows. First, new trucks that are being prepped for service are included in our total truck count but not the average available for dispatch, trucks that are being prepared for trade or sale, trucks used in our academies, yard goats at our various facilities, long-term wrecks and owner operators who are on vacation are also not included in the trucks available for dispatch.

In addition, when we discuss trucks available for dispatch, that's generally shown as an average for the period, where the total truck count is generally a period end number. Unmanned company trucks are included in the operational truck count which is also known as the trucks available for dispatch and are therefore negatively impacting our utilization metrics.

Jason Bates: And finally can you give us an update on your brokerage business? A year ago you said it would be a $1 billion business at some point in the future. Is that still the vision?

Richard Stocking: Our brokerage business is growing. We're establishing new offices and winning new single source and greater management opportunities. We will provide more details on this at our investor day next week but yes our goal is to grow this to a $1 billion business in the future.

Jerry Moyes: With that said, thank you for the questions that have been submitted and we appreciate your support and look forward to seeing you next Friday at the New York Stock Exchange for our 2014 Investor Day.

Jason Bates: Thank you all.

Operator: This concludes today's conference call. You may now disconnect.

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