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SWFT - Q4 2011 SWIFT TRANSPORTATION EARNINGS CONFERENCE CALL

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CORPORATE PARTICIPANTS

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Richard Stocking *Swift Transportation Co - President and COO*

Jerry Moyes *Swift Transportation Co - Founder and CEO*

Ginnie Henkels *Swift Transportation Co - EVP and CFO*

PRESENTATION

Operator

Good afternoon. My name is Molly, and I will be your conference operator today. At this time, I would like to welcome everyone to the Q4 and 2011 earnings conference call. All lines have been placed on mute to prevent any background noise. Thank you. I would now like to turn the call over to Jason Bates, Vice President of Finance, and Investor Relations Officer. You may begin your conference.

QUESTIONS AND ANSWERS

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Today, what we're going to be doing is reviewing the previously submitted questions that we've received and categorized, and we'll kind of address them by category today as we go through. So, we're going to start out with several questions on volume trends and utilization. The first one here -- can you provide more color on your plans to maintain a temporary fleet reduction through March? How would you describe demand conditions so far in the first quarter versus the year-ago period and normal seasonal softness?

Richard Stocking - *Swift Transportation Co - President and COO*

Jason, I'll take that one. We made a decision a few months ago to temporarily reduce the fleet during the first quarter, for several reasons. First, we historically experienced a seasonal drop-off in volumes during the first quarters. And we felt that, given our flexibility with our driver recruiting, as we control our driver population through our academies and our school infrastructure, combined with our flexibility in trade cycles, we could time a fleet reduction with the seasonal slowdown. And our bet was this would enable us to improve utilization on the remaining units that we had running, reduce our empty miles or our deadhead, and to preserve our rate per mile, and help our remaining drivers make more money. Although we are only four weeks into the quarter, thus far we've been pleased with our results.

Regarding the demand conditions this quarter, we are encouraged by the year-over-year trends so far. However, it's difficult to distinguish exactly how much should be attributed to the recently discussed fleet reduction versus the true economic improvement. However, we believe we're feeling strength there. Additionally, we're having a seasonably warm winter, which is in stark contrast to the first quarter of last year. That also clouds year-over-year comparisons. Overall, we expect capacity availability to continue to be tight in 2012.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Thank you. And I failed to introduce the participants we have today. That was Richard Stocking, our President and COO. We also have Jerry Moyes, our Founder and CEO, and Ginnie Henkels, who is our Executive Vice President and Chief Financial Officer, here today. Following on the heels of that question, there is another -- how successful have you been to-date in adding an additional load per week per truck? What is the expected timing of progress on this front? And how are developments incorporating the EOBRs aiding productivity?

Richard Stocking - *Swift Transportation Co - President and COO*

We still have opportunities for improvement in our Plus One initiative. We have trained our people, and have retrained. We're starting to see some positive fruits of that initiative. It remains a strategic focus of ours, but with any new initiatives, there are learning curves, both for office staff and our drivers. We continue to deepen our understanding as an organization around the enhancements we've made, and expect to continue to see gradual improvements this year with that initiative. The combination of our focus in this area, along with the planned fleet reduction that we talked about earlier, contribute to the favorable year-over-year utilization trends, at least thus far in the first quarter.

Regarding the EOBRs, we have installed approximately 12,000 units to-date. We still have a few company and owner-operators to do. We're aggressively working to install the remaining units. We feel good about the training we have provided to our drivers in an effort to help them understand and utilize this new technology, which in turn will help us in our goals of increasing our utilization, as well as now be able to focus video streaming capabilities to the truck on the individual driver's performance. For example, if we have a driver that is -- needs improvement in miles per gallon, in service or safety or whatever it may be, we have individual videos that we can send, training videos that we can send specifically to those drivers. We believe that if we help them understand the goals and objectives here, we can move towards our goal that much faster. We are also [topping] less trailers, which is an added benefit, as we have Class 8 directions on these new units.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Thank you. The next question -- how did utilization in your traditional over-the-road line haul business trend in the fourth quarter? Can you discuss volume trends throughout the quarter? Can management discuss how increased dedicated mix impacted results, as well as identify any steps the Company might be taking to drive improvement looking forward?

Richard Stocking - *Swift Transportation Co - President and COO*

Unfortunately, we don't disclose the utilization figures for our individual service offerings yet. However, in aggregate, the fourth-quarter trends were stronger in October and November, and I would say probably the first 10 days of December, and then tailed off. Our total loaded miles for the quarter were essentially flat, and our utilization was slightly down, which was primarily a result of our business mix. Volumes with our dedicated and regional accounts increased, and generally have a shorter length of haul, but are offset by higher rate per mile. As a result, our weekly trucking revenue per truck has increased, which is one of the essential metrics we track to improve our profitability in our Company.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Richard, there were also several questions on deadhead. One cited that our deadhead [improvements] continue to be impressive, and were asking -- what were the driving factors to the favorable deadhead trends?

Richard Stocking - *Swift Transportation Co - President and COO*

Well, this is a great metric, and it has a lot to do with our network engineering. We've invested a lot of time and energy into building out our network engineering team, and dedicated resources to focusing on our balance and our network, loading trucks where they land and ramping up [faucet] freight when necessary, which is essentially replacing deadhead moves with the revenue-generating loads. So, we had some great success here, but we believe we can continue to improve our network in focusing on those freights in those markets.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. I will point out, there were several questions specifically related to the new Wal-Mart business, and the associated impact in the fourth quarter. As a general rule, we don't discuss rate utilization, deadhead performance for specific customer accounts. However, we will report that the business is fully implemented, it's running smoothly, and it's meeting our expected levels of financial contribution.

So with that, we're going to move into a discussion around pricing and rates in this season. One of the questions was -- as I said, there was a lot of questions related to rate per mile. They range from rate trends throughout the quarter, sequential rate trends, the impact of spot pricing, the impact of business mix on the consolidated rate. And so, Rich, you want to touch on those?

Richard Stocking - *Swift Transportation Co - President and COO*

Yes, I will. Regarding rate trends throughout the quarter, we experienced a fairly typical seasonal pattern, with rates starting out slower, then peaking in November, and then tailing off slightly in December. Sequentially, we experienced modest improvement, but would anticipate a slight seasonal drop-off going into this Q1 of 2012. We hope to be able to offset a portion of the Q1 drop off to our planned fleet reduction, and keeping those rates higher. As we have stated in the past, we don't participate heavily in the spot market, so the impact of spot pricing in the fourth quarter was minimal to us. Regarding the question about the impact on business mix, on rate, we have stated our intention to continue to focus on growing our dedicated service offerings, which generally have a higher rate per mile and lower utilization.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Can we provide an update on the bid season so far? How much of our business will be coming up for bid in Q1 and Q2?

Jerry Moyes - *Swift Transportation Co - Founder and CEO*

Jason, as you know, we have bid activity going on really throughout the year. As a general rule, it's pretty well spread out pretty evenly throughout the year. We have a lot of people asking us when our top customer accounts are scheduled to come up for renewal. But what folks really don't realize is that sometimes we have dozens of different contracts within some of our major accounts that come up really throughout the year, and spread out throughout the year. So, there really isn't a certain bid season. When a lot of them come out, it's pretty spread out. One of the things we're kind of focusing on now is as these bids come up, is trying to negotiate outside the bid to keep our lanes, so we're not going to have changes in what we're doing with these customers.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. So, another question here -- what was management's expectation for truckload pricing environment in 2012? Is there still capacity discipline in the market, or is there any indication that competitive pressure is increasing?

Richard Stocking - *Swift Transportation Co - President and COO*

Well, as a general rule, we believe that if the economic environment in 2012 is similar to what we experienced in 2011, we should expect a similar pricing environment. Regarding the capacity discipline, I believe that most in the industry have learned from our past mistakes, and very few of the larger carriers will be rushing out to procure excess capacity in this near future. Plus, when you combine that with higher equipment costs and limited access to capital, and driver availability, which is going to be a big issue, I would suspect the smaller carriers will have a difficult time adding a meaningful level of capacity as well.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. There were a few questions about kind of the overall economy, and some of the regulatory issues and environment. One of which was -- you talk about slow growth environment in 2012 in the shareholder letter. Can you expand a bit? Are there regions or industries you are starting to see perk up a bit faster? What is your experience on how quick it can either accelerate, and what do you look for to see that is occurring?

Richard Stocking - *Swift Transportation Co - President and COO*

Good question. If you believe GDP will be in the 2%-ish range, we expect to see some solid growth across the country. There are certain markets that have seasonality, and we deal with those. I would say as far as the different sectors, the retailers are feeling pretty bullish. We do a lot of retail, both discount and traditional, and we believe that's a sector that will grow some this year. We also see some strength in the consumer products, and the food and beverage. But those are the segments we would point out.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. There were a lot of questions about driver availability, and kind of expectations in that regard. One of which was -- what are your thoughts on the driver market? Is it any harder to obtain drivers? And where does driver turnover stand today?

Richard Stocking - *Swift Transportation Co - President and COO*

Thanks. As many of you know, we're somewhat unique in the industry with regard to how we recruit our drivers. We have an academy school infrastructure that enables us to create our own driver population, as opposed to relying completely on experienced driver availability. We believe this differentiates us from most of our peers, and gives us a competitive advantage. We do not disclose our exact driver turnover figures, and although the trends have increased slightly as of late, the figures are still well below our historical averages, and the industry average. We do have our trucks full, and we do have a pipeline of drivers in that 1,200 range.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. How much is that driver availability affecting truck count decisions?

Richard Stocking - *Swift Transportation Co - President and COO*

It has not impacted our truck count decisions, as we have not had driver availability issues. However, I do believe there are carriers that have been impacted with this issue.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Are you still expecting to raise driver wages at some point this year? And if so, what quarter would you expect this to occur? Also, what are your expectations on driver pay? Do you expect to do an across-the-board increase? And how much of an overall impact will this increased driver pay have on margins in 2012?

Richard Stocking - *Swift Transportation Co - President and COO*

Okay. Yes, we are preparing for a driver wage increase this year. However, when it is paid, how large it is and the impact on 2012 earnings will largely be dependent on the overall economy. We will closely monitor the rate increases we receive from our customers, as well as our driver turnover trends and driver availability to determine the appropriate timing and size of any potential increase. Going forward, we will give an increase to our drivers based off of our driver ranking system. So, that will help pay for some of that going forward, as well as we expect as we give that out, we'll be able to help or ask our customers for help to mitigate some of those costs.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. There were also several questions with regard to our owner-operator program. One of which was -- the owner-operator fleet appeared to stay flat during the quarter. Given your stated goal to grow the owner-operator truck count, does this indicate a difficulty in finding owner operators? Is there a need to raise owner-operator pay or offer sign-on bonuses to grow this segment of the fleet?

Richard Stocking - *Swift Transportation Co - President and COO*

Yes, we will deal with the owner-operator pace similar to how we addressed the Company folks. I will say though, we have grown our owner-operators today. If you look at the 300 truck growth over last year, and yes, during the fourth quarter some of our owner-operators will take extended time off for the holidays, and that skews some of our numbers internally. But we provide a career path for these drivers, so we believe that they grow up through the Company into the owner-operator ranks, and it's something that is advantageous for them and us. It's a true win-win.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Jerry, there is a question here. It says -- how does the shift to owner-operators impact your ability to accelerate your operating ratio improvement?

Jerry Moyes - *Swift Transportation Co - Founder and CEO*

Our owner-operators are generally more profitable, they provide better customer service, and they're safer. And so, all those factors have really helped in our OR. And then we also have additional streams such as our insurance and fuel and maintenance that we do with our owner-operators that helps out a little bit also. But as a rule of thumb, our owner-operators help the operating ratio.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. So, as a follow-up, I guess, what's the longer-term preferred mix? Where would you like to be from a mix perspective with regard to your owner-operators as a percentage of your total Company fleet?

Jerry Moyes - *Swift Transportation Co - Founder and CEO*

Well, I'd like to be at 100%, but obviously we're not going to get there. I think we're at about 27% today. And we'll just continually increase in that 3% or 4% a year. I think realistically over the next few years, we can get to 50%, and that would be a good level. One of our goals going forward is to refocus on our asset-light initiatives, and this is a big part of that.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. That kind of leads into a lot of questions that we had with regard to our CapEx and our overall fleet. So, we'll jump into those. The first was -- what are your 2012 net CapEx plans, as well is your plans for 2012 operating leases?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

All right. We expect our net cash CapEx to be in the range of $250 million. This amount will vary depending on the amount of equipment we actually trade during the year, which, as we've discussed in the past, is mileage-based in many cases. And so there could be some fluctuation there. And then it will also depend on how much we lease versus purchase, which, also as we've discussed in the past, is an economic decision at the time that we acquire the equipment.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

On that one, there was a question -- it looks like the blend of owned versus leased tractors is shifting back towards owned. What is the reason behind this, or is it merely timing?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

It's primarily timing. We had a large number of trucks coming off lease in the fourth quarter. So, as we move throughout 2012, that will probably change back.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

How have the costs differentiated over the past two to three years for new tractors with the new EPA emissions standards?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Since 2006, our tractor prices have increased roughly $20,000 to $25,000 a unit.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

With net CapEx growing considerably in 2012, how much equipment do you actually plan on trading? And will it be evenly spread over the course of the year?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

We actually don't disclose the number of units we trade or buy in a year, but it should be relatively evenly spread throughout the year. We're expecting that our Company fleet in total will remain fairly flat with 2011, after the Q1 temporary reduction that Richard talked about. We are targeting growth in Mexico of roughly 50 units, and continued growth in owner-operators, as we talked about.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

There was a question about intermodal container growth, asking whether or not there was going to be a 1,000, 2,000 can increase in that regard in 2012?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Yes, we plan to add intermodal containers in 2012. The amount and the timing will depend on the demand and the growth in that business.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. What will the average age, or average mileage depending on how you look at it, be of your fleet at the end of 2012?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Our current average age of our Company fleet is just over three years, with the sleepers right at three and the day cabs a little bit older than that. As we have said, we do expect a heavier trade cycle, because we had a heavy purchase cycle in 2008. So, we do expect our average age to be dropping throughout 2012 as we trade those units.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. What portion of the 2% to 5% decrease in the average operational truck count for the first quarter will come from the Company fleet?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Most of the reduction is expected to come from the Company fleet, as we anticipate we'll be trading more trucks than we buy in January and February. That's how we're targeting that reduction to take place.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. Just as an aside, we also had a lot of questions with regard to fleet count by quarter. What the levels would be for Company and owner-operator by quarter throughout 2012. However, we do not disclose that level of information. But that kind of leads into a conversation about debt. There were several questions with regard to debt. One of which was -- what are the implications from the recent credit upgrade from S&P? Would this potentially lower borrowing costs or increase borrowing capacity?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

The interest rates that are currently in our credit agreement in our bonds are not directly tied to the rating. So, there's no immediate impact from the ratings change. Of course, this was a very positive move for us, and could help with attracting lease financing or other financing in the future.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Following the $60 million voluntary debt repayment earlier this year, can you provide guidance on debt pay down for the remainder of the year? In the past, you had said minimum of $50 million to $100 million per year.

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Yes. That continues to be our goal, $50 million to $100 million per year. Our future payments for 2012 will depend on our cash flow generation, our CapEx needs and timing, and we don't have these pre-payments scheduled. So, it's situation-specific, and that it will come throughout the year.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. There was a question about the consolidated interest coverage ratio for fourth quarter, as well as the third quarter of 2011.

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Our consolidated interest coverage for Q3 was 3.69, and for Q4 preliminarily is 3.93.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

With regard -- you had touched on the S&P move. There were some questions with whether or not that was going to give us any availability for refinancing some debt. Is there a projected timeline when that might take place?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Right. Well, it certainly helps. Any good news in the loan market is helpful. But it's also very much dependent on the market itself. And so, it is something we're keeping a close eye on. The current trends in the leveraged loan market seem to be firming up a little bit. And so that is something, as I mentioned, we're keeping a close eye on and watching.

As far as a rate reduction, we are looking for a rate reduction large enough that we would, at a minimum, cover the fees associated with the refinancing within the first year.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. There were some questions as well about how we plan to utilize free cash flow in 2012. Is there a pecking order, if you will, with regard to what we would pay down, whether it's the 12.5% notes, the 10% notes, the term loan -- can you comment on that?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Yes. So, we currently have $15 million of the 12.5% loans left. Those were the ones that were originally issued in 2007. And so those are -- we're able to call those in May of this year, and so that's something that we will likely do. And then in addition, with regard to the 2018 notes that were issued in December of 2010, those are not callable until December of 2014, unless we have some sort of an equity follow-on, at which point we could pay 50% of the proceeds, to pay off up to 35% of those notes. But at this point, we have no plans to do such an equity follow-on. And so, therefore, all of the prepayments other than potentially the $15 million of the 12.5% notes would go toward the term loan.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Thanks, Ginnie. Just kind of switching gears here, there were some questions about fuel. One of which here, Jerry, it says -- fuel consumption appears to have improved in the fourth quarter. What has been Swift's experience with the newer engine technologies? And what are achievable fuel efficiency targets for the next 12 months?

Jerry Moyes - *Swift Transportation Co - Founder and CEO*

Well, we have seen improvement in the new engines, part of it's been offset with the DEF cost, but we think that the net will be a better fuel economy with the newer engines going forward.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Let's see here. Moving on to insurance, thank you. Can you provide a little guidance on insurance costs going forward?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

As we mentioned in the stockholder letter, assuming that we have no significant changes to prior-year layers, we expect our insurance and claims expense to be roughly 3.8% to 4% of net revenue going forward.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. So, what was the amount of the favorable actuarial adjustment that took place in the fourth quarter, as was mentioned on page 5 of the shareholder letter? And were there also favorable work comp benefits in the fourth quarter, similar to what was experienced in the fourth quarter of 2010?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

In insurance and claims, we had about a $3 million favorable adjustment from the prior-year layers in the fourth quarter. With regard to workers' compensation, which, just to be clear, is a part of our salaries, wages and benefits, it's not on the insurance line. We did have a favorable $5 million adjustment in 2011, and that was similar to 2010. We had about the same $5 million favorable adjustment in the fourth quarter. But in 2011, most of that benefit was offset by some increase in healthcare expenses in the fourth quarter of this year -- I'm sorry, of 2011. So, not all of that benefit flowed through.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. Kind of switching gears a little bit, talking about some of the different service offerings, there were a lot of questions about intermodal and solutions. And I will point out that a lot of people had questions with regard to the specific profitability. However, we don't actually disclose that specific detail -- the information on our service offerings. But we will state that it has been profitable in both 2010 and 2011. Some people were under the impression that was not the case. But with that, there were some things that we would address, specifically -- what are your targets for growth with intermodal in 2012?

Richard Stocking - *Swift Transportation Co - President and COO*

Our target for 2012 will be in that 20%, 25% range for intermodal.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

We had talked about this a little earlier with regard to adding containers. Is there a specific count that we are expecting to be adding that is planned? Ginnie had talked about -- it's going to kind of depend on business conditions, but do you have a figure specifically in mind?

Richard Stocking - *Swift Transportation Co - President and COO*

For the fourth quarter, or for this year?

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

How many did you add in the fourth quarter? And then, what are the plans for 2012?

Richard Stocking - *Swift Transportation Co - President and COO*

Right. So, in the fourth quarter, we added about 335 units. And as Ginnie mentioned, our plans will be predicated on the demand that's out there.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. How much of the stated 18.5% COFC revenue growth in the fourth quarter was from volume growth versus pricing?

Richard Stocking - *Swift Transportation Co - President and COO*

Right. Our volumes were up approximately 16% year-over-year in the Q4.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. Can you remind us approximately what percentage of Other revenue currently comes from intermodal?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

We actually don't disclose that, because we include the dray portion of the intermodal moves that we move ourselves in trucking revenue, but we have disclosed that in total. Our intermodal business is roughly 7% of our total net revenue.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

One last question on intermodal -- what are the long-term goals for Other revenue as a percentage of total revenue, given that the marketplace typically places a higher PE multiple on more asset-like business models?

Richard Stocking - *Swift Transportation Co - President and COO*

Yes. Our goal is to continue to expand in both the intermodal and solutions, which is our freight under management, as well as our brokerage business. These are two of our strategy focuses areas for 2012, so we really don't have a specific percentage target, but they are growth engines for us.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Speaking on the theme of service offerings, there were several questions about our dedicated service offerings, one of which was -- how do you think about additional trucks in the context of new dedicated wins? Will you continue to shift trucks from for-hire into dedicated lanes, or will additional volumes from dedicated require new trucks?

Richard Stocking - *Swift Transportation Co - President and COO*

For the most part, we will shift those for-hire into the dedicated lanes.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. Are there additional opportunities for dedicated business in the pipeline currently, either at Wal-Mart or other customers? And how much of this is already being performed by other for-hire carriers versus customers outsourcing volumes from their private fleets?

Richard Stocking - *Swift Transportation Co - President and COO*

We definitely have a robust pipeline in place today. And they're actually from all different kind of segments. And we are taking some share from other carriers, as well as some of the private fleets are shrinking and we're picking up that business.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. The last question on service offerings here; there was one here about flatbed. It says -- are you seeing any impact from the shale business on your flatbed segment? What percentage of your business are derived from the shale developments, on either an inbound or outbound move? And how did flatbed revenue and fleet count trend in 2011? In summary, what are your plans for the flatbed fleet going forward?

Jerry Moyes - *Swift Transportation Co - Founder and CEO*

Jason, flatbed division is very small part of our operations, about 325 trucks. We have seen improvement in the OR in that division, although we are probably just going to leave it relatively flat for the next year. And we have done very little if any business with the shale industry.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. There were several miscellaneous questions as it relates to some finance topics, Ginnie. One of which was the amortization of intangibles going forward -- will it remain at $4.1 million run rate, and can you provide some insight into the rate of decline over time?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Yes. The customer intangible is amortizing at a 150% declining balance method. So, the amortization does decrease slightly each quarter. For the full year of 2012, it will be roughly $15.7 million. And then in addition, the amortization of the swaps that were terminated in December of 2010 will be $5.1 million for all of 2012, and that amortization runs from January through August.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Quick question on tax -- can you provide guidance on the effective tax rate in accordance with GAAP for 2012?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Yes. As we discussed in the shareholder letter, due to some internal corporate restructuring, and I think there was some confusion on this, and it's not operational restructuring, but just the movement of some of our subsidiaries around. We did have some corresponding tax benefits associated with that, and we are expecting to have an effective tax rate in accordance with GAAP of roughly 37% for 2012.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Is there any share count dilution that needs to be considered in 2012 beyond employee stock option issuances?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

At this point, this is all we are aware of.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

And then, you talked previously about the $60 million pay down. What is the effect on interest expense going forward?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

It is roughly $900,000 per quarter.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

And then rental expense, again, came in closer to 3% of net revenue. Is this an appropriate level moving forward, or will it be closer to third-quarter level of 3.4%?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

As we talked about earlier in the fourth quarter of 2011, we had quite a few operating leases that terminated that brought our expense down in the fourth quarter. We are expecting rent expense as a percent of net revenue to increase in 2012 as we replaced those units, as well as we are planning to grow the number of owner-operators that we lease tractors to, and that expense comes through lease expense as well.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

And then operating taxes and license was the lowest percent of net revenue that we've seen yet. What caused this and will the item return to previous levels of the mid-2% range?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

There was a little bit of a true-up in the fourth quarter, so we would expect this line to continue at a similar rate to the full year of 2011.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

And then with regard to gain on sales, what can we expect to see going forward into 2012?

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Right. This is a challenging item to predict, as we've learned in 2011, but obviously it depends on the used truck market. We are expecting, as we've talked about, to trade more trucks in 2012, but most of these are on our trade back agreements. And so, we don't expect the gains in total at this point to be at the same level as they were in 2011.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. Jerry, there is some questions here about acquisitions, and what our plans are with regard to acquisitions, and what sort of opportunities we are currently seeing, and whether there are any fleets or service offerings that are most attractive to us?

Jerry Moyes - *Swift Transportation Co - Founder and CEO*

Jason, acquisitions have always been part of the DNA of Swift; we've made 12 successful ones in the last few years. The last couple, three years we have not done any, but we will be looking at acquisitions going forward. There has been some small ones come by, but nothing on the horizon. But we will be looking to going forward.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Okay. And then the last question, Richard, there was one here about kind of what people can expect from Swift from an operating ratio perspective going forward? Are there any particular cost buckets that they should focus on, that have the most opportunity? In the fourth quarter, there was an 85.5% adjusted operating ratio, and really, the question was -- what would it take to achieve this, kind of on an annual basis? Is it sustainable?

Richard Stocking - *Swift Transportation Co - President and COO*

On our trucking business, yes. We believe, as we continue to go forward and focus on our discipline of cost control, asset utilization, and revenue growth, we believe that we can do that on our truck load business, and it is sustainable. But as we grow our asset-light businesses, that typically has a higher operating ratio, but the returns are higher. So, our focus will be definitely on our returns on those types of businesses.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Great. Thank you. Well, that concludes the questions that we have today. We want to thank everyone for their time and for all the questions that were submitted. And also, if there are any follow-up questions, feel free to reach out to us. I do want to point out that we are actually beginning our annual meeting here, and so most of the leadership at Swift is going to be tied up for the next couple of days. However, if you send us an e-mail, we'll do our best to quickly get back to you with any questions you have.

Ginnie Henkels - *Swift Transportation Co - EVP and CFO*

Just to be clear, that's our internal operational and sales meeting, not our shareholder meeting.

Jason Bates - *Swift Transportation Co - VP Finance, and IR Officer*

Good clarification. Great. Thank you, everyone.

Richard Stocking - *Swift Transportation Co - President and COO*

Thank you.

Operator

Thank you. This does conclude today's conference call. You may now disconnect.

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