SWIFT TRANSPORTATION COMPANY

Moderator: Jason Bates
October 27, 2015
11:00 a.m. ET

Operator: This is conference # 56603082.

Jason Bates: Jeff, we couldn't hear you, but I think you've turned the call over to us so we're going to go ahead and get started. Yes, and if you will just confirm that, that would be great.

So anyway we'd like to welcome everyone out to our third-quarter 2015 Q&A session. As a reminder, we have posted a comprehensive letter to stockholders, which summarizes our results on the front page of our Investor Relations Website. We're going to go ahead and 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. 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 Factors Section of our Annual Report Form 10-K for the year ended December 31, 2014.

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.

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've categorized them and will do our best to provide detailed responses to each. To the extent you have additional follow-up questions, feel free to reach out to me after the call.

So with that, we'll start the Q&A portion of the call today with a couple of questions on EPS guidance and expectations before moving into discussing the various operating segments.

First, why would you not consider the normalized adjusted EPS to be $0.39 to $0.40 for the quarter, excluding the $0.07 per share impact from the charge discussed related to prior year accident and Worker's Compensation claims, as well as the $0.02 per share from the settlement of the lawsuit?

Ginnie Henkels: That is one way to look at it and we would not dispute that analysis. But when we report our Adjusted EPS, for the sake of consistency, we utilize the Adjusted EPS calculation as outlined and defined in the schedules accompanying each of our SEC filings.

Jason Bates: You’ve previously noted down-ticks in project business. What is project business? Who is it with? And why is it down so early?

Richard Stocking: “Project business” is a term that we use loosely to describe a variety of profitable, seasonal business we perform this time of year. It is an accumulation of different capacity solutions which we provide toward the end of the third quarter and throughout the fourth quarter for a handful of our

strategic partners. A large portion of the project business is for customers who need carriers like Swift, who are uniquely capable of providing creative capacity solutions for large volumes of freight in tight windows during the peak holiday season, in conjunction with the repositioning we are typically paid in this capacity-constrained time of year.

So, we were able to determine early in the peak season that it would be down due to customers communicating to us some of the logistical disruptions they were experiencing in their supply chain, which led to a portion of the project freight not arriving domestically in time for the peak freight season. This, combined with an expectation for less repositioning revenue due to an unusually soft spot market, were the contributing factors to the notice slowdown in our project business.

Jason Bates: On September 25 when you lowered guidance you stated that \$0.05 to \$0.06 was due to, quote, "a reduction in expected volumes of seasonal project businesses in the fourth quarter of 2015, due to customers recent logistical changes", end quote. While this sounds like a volume issue at a couple of customers, how much of that was weaker than anticipated pricing tied to seasonal projects? And, is the pricing of seasonal projects tied to things like the DAT spot index, even though they may be contractually governed, i.e. a lane that was \$1.75 a mile is contractually moved higher, to say \$1.90, from November 15 through December 31? In other words, what is a short-term seasonal project pricing based upon? Some spot index or whatever you can negotiate?

Richard Stocking: I believe I just answered the first part of your question, related to the project business reduction; however, I want to briefly touch on the latter part of your question. To be clear, project business is awarded early in the year. At that time, the lanes of pricing are committed to and agreed upon. This is part of the reason we have historically been able to discuss our comfort with the unusual ramp in our earnings from Q3 to Q4 each year. Volumes are not guaranteed, but, historically, our customers have done a very good job of forecasting these figures as well.

This year, the lanes and pricing were all agreed upon and contracted, but, our customers did not anticipate some of the previously discussed supply chain disruptions. So, it is not as if they have taken this project business away from us and elected to move it in the spot market, but rather, the volumes are simply not at the levels they had previously anticipated.

Jason Bates: You effectively lowered your fourth quarter 2015 EPS by going from $0.48 to $0.54, down to $0.47 to $0.51. What are the reasons for this? Do you have a better sense of the seasonal project headwinds that you've discussed in the guidance revision? At a recent investor conference, Management mentioned a significant majority of retail customers were bullish on prospects for “peak” season; have demand expectations worsened in the past month?

Ginnie Henkels: I would not say that demand expectations have worsened over the past month, but unfortunately they have not improved either. An area that has deteriorated, and has affected our expected Q4 2015 earnings is our view on the strength of the used truck market, as well as the number of trucks we will be selling.

Jason Bates: Why have selective retailers moved away from the project work that has been so lucrative in the recent fourth quarters? Do they plan to access the spot market to fulfill the need or have they more dramatically changed their supply chain design, thereby eliminating the need for so much fourth quarter project work altogether?

Richard Stocking: As mentioned previously, the slowdown in the project business was not intentional on behalf of the retailers, but a function of the supply chain disruptions in a couple of their networks. These customers are not utilizing the spot market to fulfill these needs, as the freight is under contract. However, the repositioning component of the project business would potentially be impacted by the softening freight market, as shippers may not need to pay repositioning fees if capacity is not as constrained as seasonal norms in the markets where they need to move their freight.

Jason Bates: In a challenging freight environment in the latter part of 2012 and early part of 2013, Swift was able to temporarily show that it was a 'company specific' freight transportation Company. How does Swift get back to taking control of its own destiny, and stop merely blowing around in the seasonal, cyclical, freight wind currents?

Richard Stocking: I believe the perception that Swift is subject to "seasonal/cyclical, freight wind currents" is not entirely accurate. One of the keys to weathering these types of storms is ensuring we are strategically aligned with solid customers who are growing. This has been a staple of our business for several years now. Unfortunately, we have experienced some volatility in our earnings; however, it has been more related to insurance volatility and struggles managing growth over the past couple of years (from organic-dedicated contract wins, to the CRS acquisitions, to the recent fleet expansion/investment0, rather than due to seasonal/cyclical freight patterns. Having said that, we're strongly committed to increasing our discipline around growth, which we'll discuss in a couple of minutes here.

Jason Bates: In your release you noted it would take some time for your underlying improvement and safety to translate into lower insurance costs due to the prior year adjustments impact on historical trends. Assuming you continue to make underlying progress in safety, when should we expect this expense item to show favorable results?

Ginnie Henkels: We would hope to see some reduction in 2016, with further improvements beyond that as we continue to implement the enhanced safety technology throughout the fleet.

Jason Bates: Help us put into context that comment regarding, "peak volumes have not yet materialized, as in 'years past'". I ask because according to the spot data that Wall Street has become so hyper-focused on, spot rates tended not to accelerate until the second to third week of November (looking back to 2011). So, should we be seeing or hearing about strong October trends at this point, since e-commerce has shifted peak later and later each year?

Richard Stocking: That's a good question. However, given the contractual nature of the majority of our business, our historical freight pattern has typically accelerated in advance of the traditional pickup in the spot market indexes. We believe that volumes will continue to improve in November, with e-commerce. And I will tell you that, as we move forward, we believe that e-commerce will impact us 12 months of the year. Meaning that, there are great opportunities for growth there.

Jason Bates: In the Press Release, you had called out a weaker operating environment, as well as peak season volumes not yet having materialized. Can give us a sense of what you are incorporating into the new fourth-quarter earnings guidance, from a pricing and utilization standpoint?

Ginnie Henkels: We've been providing annual, but not quarterly, guidance on rates and utilization this year. Therefore, for the full year 2015, we remain comfortable with the roughly 4.0 % year-over-year increase in rate, offset by a slight year-over-year decrease in utilization (stemming from the various fleet-growth issues we have discussed over the past couple of quarters).

Jason Bates: How are you able to be so precise in lowering fourth quarter 2015 EPS outlook by $0.05 to $0.06 before the fourth quarter even began? Doesn't that suggest you are vulnerable to other seasonal volume and pricing issues, if things remain lethargic?

Richard Stocking: I am assuming you are referring to the anticipated reductions in the project business, which we've just outlined.

Jason Bates: There is an old adage that there is no such thing as one bad quarter. All four segments experienced year-over-year margin compression? What is your expectation for margin expansion, if any, at each of your four divisions?

Richard Stocking: We agree that opportunity exists for margin expansion in all four of our operating segments. In our trucking segments (Truckload, Dedicated and Swift Refrigerated), we believe we can improve margins even in a soft freight environment as we hyper-focus like never before on better utilization, improved safety and increased driver retention. In our Intermodal segment,

margins should improve as we continue to work to fill the existing container fleet, and meet our turn objectives of two turns a month.

Reaching this level of turns will significantly improve our chassis and dray costs, and, as a result, create opportunities to expand our Intermodal margins. Additionally, we have nearly completed the build out of our dray operational infrastructure which is a critical component to improving and sustaining our desired Intermodal margins.

Jason Bates: Does the weakness in freight relate to certain customer groups, or is it broad based?

Richard Stocking: It is not unique to anyone one customer, or vertical, but rather a broad based impact.

Jason Bates: Can you break out the dollar amount of the impact of "negative development from prior-year claim" per Company segment so investors can get a sense of what a cleaner view of trends looks like in these segments?

Ginnie Henkels: While we don't publicly disclose the dollar amount impact of period specific claims, we can share that on a year-over-year comparison, our insurance and claims and corresponding reserves expense increased roughly 180 basis points within the Truckload segment, roughly 235 basis points within the Dedicated segment, and 30 basis points within the Swift refrigerated segment as a percentage of Revenue, excluding fuel surcharge revenue. Worker's Compensation expense increased year over year roughly 10 basis points with the Truckload segments, roughly 135 basis points within the Dedicated segment, and roughly 30 basis points within the Intermodal segment.

Jason Bates: So, there were quite a few questions related to the different operating segments. So, we'll dive into those now, starting with truckload. Contract freight rate increases have been consistently up 3 percent to 4 percent for Swift and other truckload carriers in 2015. However, with fuel surcharge revenue declines benefiting freight shippers total transportation bills this year, will there be more pressure on pricing heading into 2016? Is there confidence that freight rate increases will be materially above cost inflation next year?

Richard Stocking: As it relates to fourth quarter pricing for both dry and refrigerated van, we expect contractual rates to be relatively flat sequentially in the quarter, due to customer feedback and market softness, but up year over year. The 2016 bid season is ramping up quickly, and although it's still a little early to fully gauge the quality of the season, it appears that the general feedback may be downward pressure on rates. We are targeting full-year rate increases in the 3% range in 2016, versus the 4-5% percent we targeted in 2015.

Jason Bates: Had we read internet truck pricing, compared to what you are getting in the market? Does that portend weaker rates are coming?

Richard Stocking: As we have discussed in past quarters, we haven't found spot market rates and contract rates to be as perfectly correlated as many would have you believe. Declining spot market rates don't always signify a compressed contractual market. Our recent experience indicates that customers are still very much concerned about securing capacity with quality carriers who can provide a broad suite of services, in conjunction with a desire to realize cost savings and optimization.

Jason Bates: Can Swift provide initial yield growth expectations for 2016 if the current rate environment persists? Was the end of quarter fleet count higher or lower than the average count?

Richard Stocking: We're in the process of evaluating our various segments and working through more specific goals for each line of business in 2016 so I won't disclose specifics, however, we believe we can improve margins even in a soft freight environment as we hyper-focus on utilization, improved safety as well as increase our driver retention. For our Truckload segment, our third quarter ending truck count was very close to the average for the quarter.

Jason Bates: Turning down the fleet, what are your expectations for utilization improvement over the next few quarters? Is the market robust enough to support utilization improvements, even at the reduced fleet expectations?

Richard Stocking: As we discussed in our release, utilization will be a major, major area of focus for us for the remainder of 2015 and throughout 2016. A soft freight market would be a headwind for utilization improvements, however there are several

other areas we have identified where we can make utilization improvements. These improvements include sales targeting the proper freight, planning and customer service velocity maximizing our drivers' on-duty hours, the shops streamlining equipment maintenance and Management working with our vendors to ensure a smooth equipment delivery process for the year of 2016.

Jason Bates: Utilization declined 2.2 percent in Truckload. Yet, loaded miles were up 2.8 percent, indicating too many tractors. Again, why would you not shrink the fleet to increase utilization? Can you be providing the drivers the miles if each individual utilization is declining?

Richard Stocking: As we mentioned, our utilization was negatively impacted by our larger than normal equipment trade process and the tractor growth in the quarter which caused additional tractors to be idle. These utilization headwinds do not impact an individual drivers' ability to get their miles.

Jason Bates: Over the last six or seven quarters, most public truckload carriers have seen her length-of-haul increase. You don't provide length-of-haul for the OTR truck, but directionally has the length-of-haul been shrinking, flat or rising during the last 12 to 18 months?

Richard Stocking: Our average length-of-haul has been relatively consistent over the past couple of years.

Jason Bates: How did freight demand trend in the quarter, on a monthly basis? And, how is demand in October? When do you expect to see the pickup in truckload freight to start, mid-November? Can Management please quantify the expected magnitude, as it relates to prior fourth quarters.

Jerry Moyes: Freight was seasonally stronger earlier in the quarter but then softened in September. In October certain markets were extremely tight while others were soft, but, in general freight was softer in the month than we had experienced in the recent years, although it did strengthen as the month progressed. We hope to see this positive freight trend continue to build throughout November.

Jason Bates: So, moving to the dedicated segment. Dedicated fleet increased - was that due to new contracts? Were there new start up costs associated with expanding this business?

Richard Stocking: Dedicated truck growth increased 3 percent, year over year. However most of this growth occurred in the fourth quarter of 2014 and the first half of 2015 and not in the current quarter, so we did not experience material startup costs in the current quarter.

Jason Bates: What drove the sequential acceleration in dedicated productivity (revenue per tractor per week, net of fuel) year over year increase? What does the dedicated pipeline look like currently?

Richard Stocking: The improvement in revenue per tractor per week was mostly due to improving our pricing, increased back-haul revenue and some changes in freight mix. We have been working closely with our customers over the past several quarters to improve the profitability of underperforming fleets by improving operational efficiencies and/or pricing to compensate for increased costs related to driver wages, recruiting and the new equipment.

We have various opportunities in our dedicated pipeline that we are currently evaluating and will add or upgrade business where it makes sense.

Jason Bates: With slack returning to the truckload market, at least temporarily, have you seen a reduction in dedicated fleet bidding opportunities?

Jerry Moyes: Bid volumes over the last 2 to 4 weeks have actually slightly increased in the dedicated operation.

Jason Bates: Can you give us a sense of how you're contractual rate renewals trended in Q3? What our conversations like on contractual renewal thus far in the fourth quarter 2015? Did these discussions have any impact on this quarter’s lower guidance?

Richard Stocking: Within our dedicated segment our recent contractual renewals have been in the 3 percent range. The majority of our truckload renewals are pending the

2016 bid activity, of which we haven't seen the results yet. Yes, these discussions and customer feedback were considered in our quarterly guidance.

Jason Bates: Moving to the Intermodal segment. Can Management discuss current market dynamics? Are competitors going after price or volume? Has there been a shift in freight away from Intermodal to truck due to lower fuel prices or has the improved rail service mitigated any changes?

Richard Stocking: Current intermodal freight demand has been less robust and we anticipated. The market is not horrible, however, the demand fundamentals have weakened. We believe that most competitors are behaving in a responsible manner and pursuing a fair balance between volume and price. Lower fuel prices and a modest increase in truckload capacity relative to demand are creating more options for our shippers. The improved rail service situation, along with a long-term perspective of strategic purchasers who understand that there significant long-term truckload capacity headwinds are mitigating volume shifts away from intermodal.

Jason Bates: How did Intermodal service trend during the quarter? Is service back to the 2012 levels, or does more room for improvement exist?

Jerry Moyes: 2015 Intermodal service has significantly improved over 2014. However, there is still room to improve in order to reach the 2012 levels, however, we're confident that the rails understand the need to improve in this area in order to create a compelling value proposition to retain and grow highway conversion freight.

Jason Bates: Does it make sense to be in the intermodal business when you have a strong competitor with key structural advantages versus you, in addition to you being on the other end of the negotiating table with the rails. It doesn't appear that Swift is earning its cost of capital in this segment regardless of how low the perceived invested capital might be.

Richard Stocking: Many of our customers value the capability of a large service provider, such as Swift, to provide multiple types of mode solutions, of which, intermodal is a critical service type. We fill that Swift has been successful in negotiating

favorable rail contracts. We also continue to believe that reduction of dray costs is the critical component to close the profitability gap with those competitors. Although several of our large competitors have created great intermodal franchises, the creation of those businesses was not quickly achieved. We feel we have made substantial progress in creating a viable intermodal operating model, and that many of our customers will welcome a competitive alternative to their existing provider.

Jason Bates: Loads were up 6 percent and revenue per load was up 3 percent. Are you returning to taking share given the rail did not grow as fast?

Richard Stocking: We need to continue to grow our Intermodal business faster than market in order to gain the cost-efficiencies provided through economies of scale. We will price responsibly relative to market prices while growing. It is important to understand the revenue per load is not solely a function of price, but is also impacted by relative mix and length of haul changes.

Jason Bates: The BNSF improved service, but Norfolk Southern's service has suffered. How is that impacting Swift?

Jerry Moyes: The BNSF has significantly improved their service and this has really helped Swift to provide stronger service for our customers. We utilize both the CSX and the NS and East. The Eastern rails both expressed service challenges in 2014, and both have improved their service levels in 2015. This includes the NS.

Jason Bates: TOFC loads have declined 50-60 % the last few quarters, what percent of the total base does that now represent? Why offer it at all, given the structural declines in that segment?

Richard Stocking: TOFC represents just under 5% of Swift's Intermodal volume. We offer TOFC to customers who value heavier payloads than are attainable with COFC, can support the deployment of new trader builds, and to provide capacity relief in selected targets in which demand temporarily exceeds container supply. COFC is and will remain the primary intermodal platform

for Swift, while TOFC will provide tactical customer or market support under predefined conditions.

Jason Bates: In recent years, your Intermodal division has seen significant margin improvement in every fourth quarter (last year the OR was 91.3% the fourth quarter of 2013 was 94.2%) - What are your OR thoughts for the fourth quarter of 2015?

Richard Stocking: We anticipate sequential improvement in our OR results, in intermodal, during Q4.

Jason Bates: How much of an earnings headwind was the drayage wage increases and the relocations of the service centers last quarter? How confident are you that this segment can get to the mid-90s in the near term and what additional adjustments do you need to make to your book of business and cost structure to get to this level of profitability?

Richard Stocking: Retaining drivers is critical to our Intermodal results. Wage changes were costly, however, are critical to possessing adequate dray capacity, improving service and delivering strong safety results. The operating center points are being located as close to major ramps as possible in order to eliminate empty miles and improve driver productivity.

We feel that our operating center infrastructure is nearing the final state necessary to drive our dray costs down. We also feel the majority of our book is priced at levels to support profitability. Our key objective is win more business and drive economies of scale through our dray and container fleet. This will improve our profitability to our desired levels.

Jason Bates: Moving to Swift Refrigerated. In terms of the lost customer at Swift refrigerated you mentioned the customer relationship wasn't profitable and skewed some of the operating metrics. Are there any other relationships like this that need to be addressed from a profitability perspective? Also, can you provide some data on the operating metrics, excluding this relationship, in order for us to better understand the trends going forward?

Richard Stocking: We are constantly evaluating our book of business in all of our segments, to ensure our profitability objectives are being met. To the extent that changes need to be made, we make them both from an internal perspective and also externally by working with our customers to implement the needed improvement. As it relates to our Swift Refrigerated segment, this particular customer was unique due to the specialty requirements of its operation, and we do not currently participate in any other similar type of operations.

Although we haven't publicly disclosed the exact impact this account has had on our segment's overall operating metric, the business was fully discontinued on January 31 of this year, so comparing 2015 Q2 and Q3 results, to 2014 Q2 and Q3 could give a general indication of the accounts impact.

Jason Bates: We were a bit surprised to see the Refrigerated fleet contract sequentially in an easier driver market. Can you walk us through this reduction, i.e. did you lose a customer, experience increased driver turnover, or was this merely a response to a weaker demand environment (with the impact of the bird flu and droughts, etc.)?

Richard Stocking: We did experience some fleet reduction with one of our dedicated customers early on in the quarter, although this was very temporary and has since returned to the fleet. Driver retention was also a challenge in the beginning of the third quarter, especially around the Fourth of July. But I will add that, since that time, our turnover metric within the segments have trended favorably.

In fact, driver retention has improved so drastically that the Swift Refrigerator segment now leads the entire organization in driver satisfaction and retention. We fully expect this trend to continue, which will allow us to grow truck count within this segment, without having to purchase any additional equipment.

Jason Bates: What your near-term margin targets for this segment and what adjustments do you need to make to accomplish these goals?

Richard Stocking: We have high margin improvement targets for Swift Refrigerated segment, but we also realize that these improvements will not happen overnight. As we

discussed last quarter, we believe our rates and utilization are too low, and our deadhead and claims costs are too high. While we have made significant progress in driver retention, we look to leverage this momentum in other areas within the segment. As it relates to the near-term, we want the segment's operating ratio to continue to improve as it approaches 90 percent.

Jason Bates: Were there any rebranding expenses recognized in the quarter in your refrigerated division? If so, how much?

Ginnie Henkels: A nominal amount of costs associated with the rebranding of Swift Refrigerated was incurred during the third quarter. This cost included replacing some signage and miscellaneous items at a couple of facilities, along with some legal expenses. But it was relatively minor. On a go forward basis, we don't anticipate rebranding all of the trailers. That will happen over time, as we go through the trade cycles.

Jason Bates: Utilization increased 3.9%, this is the only fleet that increased sequentially. Looking at this experience, do you parlay this improvement to other portions of the fleet?

Richard Stocking: We were able to increase utilization both on a sequential and year-over-year basis within the segment, primarily due to the fact that many of our strategic initiatives continue to gain momentum and produce positive results. We have been successful in increasing our team-service offering in select markets, and, have increased the number of hours our drivers are under-dispatch. And, yes, we are actively leveraging this success in all portions of our consolidated fleet.

Jason Bates: Weekly revenue per tractor declined at a lower pace than last quarter. Is that indicative of the lost contract business finally benefiting Refrigerated's performance?

Richard Stocking: While there is no question that walking away from the mentioned specialty business has improved our overall profitability, our hyper-focus on asset

utilization and driver retention have also contributed to this metric improvement, and has helped partially offset the driver pay and insurance and claims increases mentioned above.

Jason Bates: How much of the weak Refrigerated segment results is a function of the drought in California, and any displaced smaller carriers moving into your markets?

Jerry Moyes: We have experienced a slight decrease in produce-freight out of California, caused by the drought, and while this has had a negative impact on utilization, it is difficult to quantify how much it has impacted the segment's overall profitability.

Jason Bates: OK, so that takes us to debt and CapEx. There were a lot of questions on this topic, so we'll try to move through them as expeditiously as possible. After sizable reductions in the debt balances, the debt level has crept back up the past two quarters. Should we expect the debt to start to decline again or are you comfortable with the current debt level?

Ginnie Henkels: First, with regard to the debt level increasing, as we discussed in prior quarters, due to the way the equipment purchases have played out, our debt levels and leverage decreased in Q1 when many purchases were delayed. As we discussed at that time, we expected the levels to increase from the Q1 levels as we started to receive the equipment, but we expected it to remain below last year which is consistent with where we ended Q3. Our debt and leverage is higher than Q1 but lower than Q4 of 2014.

With regard to the second part of this question, we are comfortable with our current debt level especially given the significant reduction in interest expense associated with the debt profile. In 2010, we had over $320 million in interest expense. Today, the annualized run-rate as of the 3rd quarter was $36 million. That is nine times less than what it was just over four years ago. Our pre-tax weighted average cost of debt is now less than 2.5%, whereas, in the past it was over 3 times this amount. So, when you ask if we are comfortable, yes, we are comfortable. I do not lose any sleep with regard to our current debt and interest profile. With that said, we do not want or anticipate any sizable,

permanent increases to our leverage position and expect it will come down over time.

Jason Bates: Can you elaborate on the $100 million share repurchase program plan you announced last month, perhaps some color around the expected expiration of the program, and/or how quickly you plan on ramping up purchases?

Ginnie Henkels: The Board has authorized a $100 million share repurchase program which we intend to kick off after we release our 10-Q which is targeted for November 4th. We intend to initiate a 10b5-1 plan that will be consistent with 10b-18 rules. Given the current stock price which we view as extremely attractive, and the current daily volumes, we expect that the program will be completed within the next couple of months or so. We do expect that we will need to use the balance sheet temporarily for a portion of this program given the speed at which we expect the purchases to occur. But, expect the impact to our leverage ratio after the first quarter of 2016 to be minimal.

Jason Bates: Why doesn't the Company revert to its strategy outlined during the IPO, and successfully executed on until the purchase of Central, of generating significant free cash flow and improving OR rather than a strategy of fleet growth? In the absence of fleet growth, the Company can generate approximately $250 million a year in free cash flow and return it to shareholders via dividends or buybacks, in the process of improving asset returns and multiple.

Ginnie Henkels: Based on recent Management discussions regarding capital deployment strategies and given the current freight environment, we are not planning to grow the fleet in 2016 from the current levels. However, we do expect to be able to grow revenues meaningfully by driving utilization on the existing fleet. We are currently assessing the accelerated trade cycle given the enhanced features expected in 2017, and have not yet finalized our CapEx plans for 2016. We do expect that we will have positive free cash flow in 2016, and are committed to return this capital to shareholders in the most accretive manner, after making the mandatory repayments on our debts. We will share these plans with investors once they are finalized.

Jason Bates: The cancellation of 450 tractors at $100,000 to $125,000 a piece gets savings of $45 million to $56 million. You lowered CapEx and 'other' by $75 million. Where is the other $20 million to $30 million coming from?

Ginnie Henkels: Other than tractors, we're expecting a bit less CapEx with trailers facilities and other IT and miscellaneous items.

Jason Bates: It appears that you modestly increased the number of truck order cancellations and deferrals (i.e. previous was 400, now 450). Given the softness in the freight environment, should we expect more cancellations? How much further will you cut fleet growth by in the event volumes soften further?

Ginnie Henkels: We do not expect further cancellations for 2015. As I mentioned, we're also not currently planning for growth in 2016, and we have the flexibility to adjust upward or downward based on the number of trucks that we trade. So, we will adjust accordingly as needed, given the environment.

Jason Bates: I have a clarification on the disclosure related to the cancellation of 450 tractors, originally planned for 2015. Have those orders been canceled or have they been pushed back to sometime in 2016? Is the cancellation of those 450 tractors solely on account of the "pullback in initial growth targets, given that the freight environment is softer than originally expected" as described in the preceding paragraph in the press release? Or was there another factor contributing to that cancellation? Any further detail on the type of tractors that were canceled and rationale would be helpful.

Ginnie Henkels: The orders were canceled because the freight market was not as robust as we expected and if we would've accepted these trucks is planned, we would have needed to have processed additional trades to avoid further growth. Given the backlog of trucks we already had in process to be traded, we did not have been able to keep the fleet flat by accepting these trucks. Therefore, they were canceled. We have not disclosed the manufacturer.

Jason Bates: How can I reconcile the delta between the 500 to 600 average operational truck count growth now anticipated for 2015 and the 700 to 1,100 initially projected to the 450 in cancellations?

Ginnie Henkels: This is actually quite simple, if you take the 500-600 growth, plus the 450 cancellations we are within the original range of 700 to 1,100. Any other variance can be made by adjusting the number of trades.

Jason Bates: Why not shrink the fleet after adding 800 plus tractors year over year given the market softness?

Richard Stocking: Keep in mind that even though we speak of market softness our volumes as indicated by loaded miles were up roughly 3 percent year over year in our Truckload segment. Our utilization was negatively impacted by the larger than normal equipment trade process in the third quarter, but our focus is to improve this utilization as we go forward as I mentioned previously. As Ginnie mentioned, we're currently not expecting to grow the fleet count in 2016, and will monitor our progress with utilization in volumes and will adjust the fleet accordingly.

Jason Bates: How much of an earnings headwind did Swift incur in Q3 related to the tractor deliveries? As the backlog is worked through Q1 2016, do expect this to be an earnings drag over the next two quarters, if so how much and which expense categories will this impact?

Ginnie Henkels: As we discussed in our Pre-Release, we expect the earnings impact of the tractor backlog to be roughly $0.05 to $0.06 of EPS in the second half of 2015 of which $0.03 to $0.04 was incurred in Q3. The impact to Q1 should be relatively minimal.

Jason Bates: Why wasn't the financial impact of the equipment trade you discussed in the third quarter called out on the second-quarter conference call?

Ginnie Henkels: You are correct that we were aware there would be a financial impact associated with the equipment trades when we released our Q2 earnings; however, keep in mind at that time, we had a $0.10 range in our full-year guidance, which provided us with sufficient contingency assuming the remainder of the year played out according to plan. However, upon realization that the various other financial headwinds that we've talked about: insurance,

the legal settlements, the project business, it became relevant to discuss the financial impact of the equipment trades as part of the updated guidance.

Jason Bates: Why is it taking so long to absorb the new equipment into the fleet? What is a bottleneck (i.e. technician availability, getting the driver into the facility to swap trucks, etc.)? Given that this is part of the normal operations of a truckload carrier, how can this be cropping up as an issue?

Jerry Moyes: The issue isn't as much related to absorbing the new equipment as it is processing the old. It takes very little time to get a new truck in service but it takes three times as long to prep an old truck for trade or sale. And, when you're hit with thousands of trucks in a very short period time there is only some much that can be done.

Jason Bates: You are guiding to a large decline on gain on sale of used equipment. Can you discuss how much of the reduction is due to fewer available units for trade sale? And, the decline in used equipment values? Can you discuss the magnitude of the forecasted drop in used equipment values you are using to arrive at your gains forecast? What is your expectation for 2016 gain on sales?

Ginnie Henkels: Some of the decline in gains is related to less equipment being traded, but the bigger impact is related to the decline in used equipment values. The market seems to be flush at the moment which was a consistent theme that we heard from others at that ATA conference last week. We are basing our gains forecast based on some current sale and trade packages we have in place today. And, as for 2016, it's actually a bit to lower early to quantify. Since we have not yet finalized our trade plans and given the current softness in the market.

Jason Bates: Is the $9 million run-rate good for interest expense? Will this increase with rates?

Ginnie Henkels: We refinanced our credit facility on July 27, so there is a little bit of room in the $9 million run-rate for the quarter, given current market rates. Our debt is

primarily LIBOR based, therefore, as LIBOR rises our interest expense will increase.

Jason Bates: So, we'll move into a handful of miscellaneous questions before turning it over to Jerry for a wrap-up. Do you have a company estimate for ELD impacts on the industry? If so, can you share it with us? Has it begun to influence current shipper decisions?

Richard Stocking: Given the enormity and incredibly fragmented nature of our industry, it is very difficult for anyone to actively quantify the impact. However, I have heard various industry sources cite expectations for capacity availability limitations ranging from 3 percent on the low end to 10 percent on higher end.

Regarding the latter part of the question, shippers have definitely expressed concerns about the impact this regulation could have on their supply chain, and are more likely to award their freight to a carrier like Swift who has already fully implemented ELD's and is past the implementation headaches in the learning curve.

Jason Bates: What is your current read on the timing of the ELD final rule? Will it be issued in the next week? Will OOIDA sue to stay the rule once again? Will carriers have to hit milestones during the two-year implementation period or will companies be allowed to wait until the 11th hour?

Jerry Moyes: You know, honestly, we prefer not to speculate on potential regulation. The key is that we are already fully integrated with our ELD's, and have been for several years. From a perspective, the sooner everyone is forced to play on the level playing field, the better.

Jason Bates: How much did fuel (in total) benefit third-quarter earnings on a year-over-year basis? How did this compare to the second quarter (remind us please) and what are your expectations for the fourth quarter?

Ginnie Henkels: The year-over-year benefit in fuel realized in Q3 was a couple million better than what we realized Q2. Regarding the fourth quarter, as we discussed earlier this year, given the significant benefit from fuel in the fourth quarter of

2014, we are expecting the year-over-year impact in Q4 of 2015 to be a meaningful headwind to earnings.

Jason Bates: Other non-reportable segment off income. Typically, there's an annual catch up in the fourth quarter. What should we anticipate for the fourth quarter of 2015?

Ginnie Henkels: Although the magnitude may not be the same as in prior years, we would anticipate a similar sequential operating income trend in 2015 to that which we have experienced in years past (with the fourth quarter representing a significant portion of the full-year non-reportable segment's operating income).

Jason Bates: Are there any more significant law suits outstanding, that could be settled during the remainder of 2015, or during 2016?

Ginnie Henkels: Note 9 of the notes to our consolidated financial statements in our 10-Q provide summaries of the various outstanding lawsuits.

Jason Bates: What are you hearing regarding the holdup of the speed-limiter rule at the OMB? When can we expect a preliminary rule to be issued for comment?

Jerry Moyes: The most recent information we have seen is the DOT's October 15 report, which gave no insight as to when the industry can expect a proposed rule to mandate the use of speed limiters.

Jason Bates: Given the current availability of drivers, how should we think about driver pay increases in 2016?

Richard Stocking: Good question. Given the recent trends, we do not anticipate driver wage inflation at the same levels we've experienced in the past two years. However, we do expect to increase the amount of money our drivers can take home to their families through our enhanced focus on improved asset utilization in this fourth quarter and throughout all of 2016. Having said that, as we've seen in periods’ past, the driver market can tighten in short order. So, we will continue to closely monitor our recruitment, and our retention trends, to ensure we are appropriately compensating all of our drivers.

Jason Bates: While the rationale has been given before regarding the high dollar amount of self insurance deductibles, has any thought or consideration been given to the lumpiness and lack of consistency, or lack of visibility of earnings that is created as a result, and more importantly, the corresponding impact that it had on the valuation multiple on the stock?

Ginnie Henkels: We are currently exploring alternatives to reduce the volatility that while not dramatically increase our expense and we will share more if we're able to obtain any viable options.

Jason Bates: And the last question, what is the market impact of the maturity of Jerry's variable prepaid forward contract in November?

Ginnie Henkels: Jerry and his advisors have recently informed the Board and I regarding his plans for this facility. He is basically planning to do an amend and extend to the BPS. And, given the current stock price, he will need to increase the number of shares used in the facility. As such, we have talked with his counter-parties to this facility and based on the proposed structure we believe there will be no material change to the number of shares purchased or sold in the market, as a result of this extension.

Jason Bates: Great. So, that concludes the questions have been submitted. We will go ahead and turn it over to Jerry for a wrap-up.

Jerry Moyes: All right in conclusion, Richard, Ginnie and I had a strategic session yesterday with our Board of Directors and I'm very happy to say that we all came out of the meeting aligned on the strategic direction of the Company. A couple of key items that we agreed upon. First, we are extremely disappointed with the current stock price and feel the multiples and the implied earnings make it very attractive. We will be aggressively repurchasing shares pursuant to the $100 million repurchase program already outlined. Once we complete this initial repurchase we will evaluate additional repurchases.

Secondly, Richard and I have talked at length and we are both in agreement that effective immediately, we will enter into a zero fleet-growth mode. But keep in mind, we still have a significant opportunity to grow our top line, and bottom, by increasing the utilization of our existing equipment. Until we reach best-in-class utilization levels, we will not be adding any new equipment growth. We will continue to invest in maintaining our fleet and continue along our normal trade cycles, but will not be adding incremental capacity. In fact, as we review all of our different pieces of business, we may elect to slightly downsize the fleet, to eliminate less profitable accounts.

Third, we're committed to returning as much of our tremendous free cash flow generation to our shareholders. We will evaluate the most effective manner to do this as capital becomes available; however at the current stock price, share repurchases are likely to be the most accretive action into our foreseeable future. Thank you very much.

Jason Bates: Thank you, everyone.

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

END