SWIFT TRANSPORATION COMPANY

Moderator: Jason Bates
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Richard Stocking: Well, good morning, everybody. Welcome to Swift's investor day. We are very excited to be here at the New York Stock Exchange and have you here with us. Before we get started, I'd like to bring to your attention our forward-looking statement and disclaimer. I won't read through all this, just a couple of items to know.

This presentation may contain forward-looking statements, and actual results may differ from those 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.

So what I'd like to do is start with an agenda; tell you exactly what we're going to go over today. But before I do that, I would like to make some introductions. To my immediate left here is Ginnie Henkels, our Executive Vice President and Chief Financial Officer; Jerry Moyes, our founder and CEO; Steve Van Kirk, our Executive Vice President for Intermodal; Mauricio Garcia, who is our Vice President of Operations in Mexico; and Jason Bates, our Vice President of Investor Relations and Business Analysis.

So we're excited to be here with you today. I'm going to start off with an overview of the organization, and to help you see and understand how we are poised and structured for growth. Then as part of that kick-off, we'll ask Steve to present to you the growth strategy and profitability strategy for intermodal. And then Mauricio will do the same for opportunities in Mexico.

And then I'll talk a little bit more about our discipline focus on our asset utilization, and driving results in the utilization. Ginnie then will come up and do a financial overview and connect the goal alignment with our results. And then Jerry will take the balance of the meeting and do a summary at the end. And then we'll open it up for questions and answers. So we'd ask you to hold your questions, and then we'll have plenty of time to go over those as we go through the presentation.

So I thought to begin with, we would talk about the four different areas of Swift. I think it's important for you to understand where we've come from, where we're at today, and then the vision for what we have for the organization out to 2017.

So the first period is the evolutionary period. This is where Jerry started out with his family, with one truck. And it's a very powerful story, if you think about that – driving that truck to the company that we are today. And we are extremely excited to have a legend in the industry as part of our Swift team. He started out in flat-bed; quickly went into a temperature-controlled division; and then obviously Jerry financed his first owner-operator early in the history of Swift. That same process exists today, and we have about 4,000 of those owner-operators within the organization.

Then deregulation happened; and then everything started to change. We go into the next period, which is the growth period. This is where I joined the organization, and it was really a fun time back then; really growing and progressing. In 1990, the first public offering happened; and then we promised the street that we'd grow 15 percent top and bottom line. And as you can see from the slide here, we grew 20-plus percent on the revenue, and 20 percent on the EBITDA; and we did that through an incredible amount of growth – half through acquisitions, and half through internal growth. I will tell you, these acquisitions have been a huge blessing to Swift in many ways. Number one, it helped us in our geographical footprint. But also, it helped us with leadership. We still have lots of those leaders from those acquisitions today. And then obviously we started Dedicated, Mexico, and Intermodal, which were some growth engines back in those days and are today; and we'll describe those in the few minutes.

Then the next phase, we call the transformation period. This is a very important period in the history of our company. Jerry took the company back private. We had a fair amount of debt that we had to deal with; and here comes the recession. Looking back, we believe that the recession was one of the best things that happened to our organization, because it really made us look at our processes, our procedures, our strategies, and how to come up with those proper strategies; and more important, how do we execute off those strategies.

We looked at process improvement through the whole organization. And I will tell you, the thing that we've learned is that we constantly have to go over and over those processes; because things change – business changes. And we want to make sure that we're totally aligned and stay relevant when it comes to process.

I guess the other thing that really happened in this transformation period is discipline – disciplined thought, disciplined action, and disciplined people. Our folks know what the goals and objectives are, and better yet, they know how they affect those goals. So the discipline that we've put into the organization continues to build, and continues to keep us focused on what really matters.

Then as you know, we went back public again in 2010, and we restructured the balance sheet. Now, really what we want to focus on in this presentation is this next period is the results period – 2012 to 2017. We're going to talk a lot about profitable revenue growth, and our goal of 10 percent – $280 million worth of business here in 2013. And we do that through improved asset utilization, continuous improvement, as well as growing our EPS, RONA, and continuing to pay down our debt.

So last May, we started out – in our investor conference – sharing with you how we're going to create value to the stockholders. What we said was we would grow – or we were targeting to grow EPS of 20 percent in 2012; and then 15 percent CAGR from 2013 to 2017. We did that; we overachieved – 27 percent in 2012.

We also said that we would increase our return on our net assets by one percent annual CAGR for each of the next five years. We have been able to overachieve in that metric as well. Finally - to reduce our leverage. Ginnie's talked about $50 million to $100 million worth of debt repayment per year – and which we have been able to exceed for the last couple years. And she'll talk more about that in just a minute.

So if you look at 2012 from a top line and bottom line perspective, Swift has had its best year – biggest and best year ever. We're very proud of this. Our people are very proud of this. They've worked very hard to align themselves to do those things that will help us become best in class. Our goal – our vision – is to be best in class in every department; which means we have a lot of people that we look up to in the industry, and are shooting to meet and exceed those numbers.

So let's talk a little bit about being poised for growth, and how we're going to do this. So this is an ATA slide; and as you see on the left, you see the truck – which includes private and for-hire in one bucket on the left. And you also see it on the right; and you see that it's growing. We believe that the truck side's growing; maybe not so much the private fleet, but the truck side. And so we have a huge growth goal when it comes to our trucking side of the business. You also see intermodal growing; and Steve will talk about that growth. But we believe that the market is there for us to grow. And Swift's top 200 customers, only 88 – or 88 percent of the total revenue comes from those folks. And if you look at the entire book of business – the private fleet and the for-hire, we're only half a percent of the market. There's huge opportunities for us to target new customers. So our sales force is out there working hard to bring on small to medium-sized – and large – customers that we don't do business with today. We've had great success over the last year; and we're going to continue on that – on that objective.

So we also have an opportunity to grow with the existing customers. We just took a random selection of customers from different industries. And the yellow bars are the opportunities we have – they're freight spend. And the blue bars on there are where Swift lines up according to that spend. So you can see that we have tremendous opportunity with the existing customers, as well as bringing new customers into the fold.

So let's talk a little bit about our service offerings, which we believe we can touch most parts of the supply chain for our customers. We also have a great equipment selection, and additional service offerings that we can generate revenues for the company. So let's talk about our truck load. This is something we're very proud of; and as you see on the trucking side, we have really done a nice job in producing more revenue and more miles on these trucks. For every hundred miles that we add to the entire fleet of trucks that we have, it's like adding about 800 full truck equivalents to the industry. And so our goal is to continue to grow that utilization. We aren't best in class yet, but we're definitely heading in that right direction, and have been one of the only that has improved on that utilization.

Also, we want to grow our fleet. As we bring on this new business – this revenue – it'll require us to grow the fleet. And we definitely want to do that. We do this very well. Our customers – we've developed a lot of trust and confidence with our customers. And we believe that that truck load can grow substantially.

The dedicated side; this is an opportunity for us as well. This is good for Swift, good for our customers and our drivers. We believe that our pipeline is very robust. We've had some good wins. And we believe that more wins are forthcoming this year. And dedicated is a hyper focus for us. Our salespeople are constantly looking for opportunities to sell dedicated.

Another growth engine is the intermodal. And Steve is going to talk more about that. But this is a business that our customers have asked us to get in – have pushed us in this direction; are grateful for another choice – another company that has this service offering. And Steve will walk us through that. But if you look at the opportunity in the market that Swift has, we're only two percent of the market – and you see how big the market is here on the slide. We believe that there's continued opportunity for double-digit growth going forward.

So I'll turn the time over to Steve to walk us through this update.

Steve Van Kirk: Good morning. My name is Steve Van Kirk and I'd like to give you a very brief update on our intermodal plans for the year. And I would categorize Swift intermodal as really being a small business that's starting up in a very large company – Swift. And I think it's important, when you do that, to lay out where you'd like to go. And that's the reason I'm sharing this vision statement we shared with our team.

And the key points on ours – we want to be much bigger than we are currently. We want to grow to be a billion-dollar business unit. We want to execute well; we want to listen to our customers and create solutions that they'll value, and ultimately choose us to give more business to. As we do that, we believe we'll be able to drive superior growth and profits.

From an intermodal domestic standpoint, I'd like to just give a very brief market overview for those who aren't familiar with the domestic intermodal marketplace. And intermodal's been growing very, very rapidly in recent years. And if you look at the top graph, you can see over the last five years, it's gone from about five percent market share to about seven percent; so about a 40 to 50 percent growth rate. However, it is very, very small. If you look at the pie graph below, the domestic intermodal segment at the top is very small. And really, that for-hire truck segment in the lower-right is the greatest opportunity for intermodal to continue to shift freight onto the train.

The big opportunity for domestic intermodal that's really evolved over the last decade is really having an opportunity to create shorter-leg haul freight, and move it onto intermodal. And when I was working for a shipper about 15 years ago, most intermodal was trans-continental freight. This got moved primarily from the left coast – or excuse me, the west coast, such as southern California to Chicago to Atlanta, to the northeast – where people live in this country. And as you can see by the bottom graph, there's been a substantial amount of penetration in that over 2,000 mile length of haul band. There's still room to grow that; but there's already been a sizable inroad which has happened.

The real opportunity is in those bands to the left, which are that 500 mile to 2,000 miles, and especially in that shorter length of haul. And the real opportunity we look at is in the east. We do business with both Norfolk Southern and the CSX, which are the two eastern railroads. And they have both made substantial infrastructure improvements that we believe are going to set us up for success. Examples are the crescent corridor, which is Norfolk Southern recently launched; which connects Memphis to the northeast. And the CSX has created operations such as the northwest Ohio. And what this is doing is creating more origin-destination combinations that you can serve at a shorter length of haul in the east.

The other marketplace we find very attractive in terms of growth is the cross-border business going between the U.S. and Mexico and Canada. And many of you are probably very familiar with the Kansas City Southern – and we work with the Kansas City Southern to move our freight into and out of Mexico. And it's going to be a tremendous market for us for intermodal. And we're doing the same thing in Canada, where we have relationships with Waltham Canadian Pacific, Canadian National, and also the opportunity to service eastern Canada via the Norfolk Southern and CSX ramps in New York.

There's really two big factors that I think will really accelerate further growth; and it's going to be high fuel prices and driver shortages. And I think it's probably important to maybe start off with our basic position. And Swift Transportation is a trucking company; it's a trucking company that has a relatively small but growing intermodal division. And ultimately, our belief is the shippers are going to make a modal choice in terms of what mode will present the best value for them when they look at transit time, cost, and service.

And what we want to do is when a shipper chooses to pick intermodal as their best value mode, we want them to pick Swift. And when they would pick truckload, we also want to have them pick Swift. And having both of those capabilities in our portfolio allows us an aggregate grow our business with our customers, grow the size of the company, and grow out profits.

Now the intermodal value proposition versus truckload will deepen with rising fuel prices. And the top graph is really trying to illustrate that. And I've chosen a kind of traditional intermodal lane, going between southern California and New Jersey. And if you go back to when it was $2 a gallon for diesel prices, with fuel surcharges and line haul, there's a pretty good value proposition on why you'd want to pick intermodal. As you go to that higher price point for fuel – $5 – and the fuel surcharge differential between truck and intermodal increases, the intermodal value proposition gets better. And if you believe that fuel prices are going to stay relatively high, that's going to mean that we're going to have continued strong growth in intermodal.

The other key thing is really driver shortages. And the transit differential between intermodal and truckload, if you look at the bottom graph, has really gotten much closer to each other over the years. And that's been driven by the railroads understanding they need to invest in their infrastructure. It's also driven by the railroads and companies such as Swift understanding that if we want to deliver truck-like service, we need to execute well and ultimately get our transit closer to truckload.

And the thing that I think is important is – back when I worked for a shipper and third-party logistics companies, there was periods we had tight capacity. And it was not uncommon to have freight roll from one day to the next because you couldn't find a truck. And if you move into that type of environment again, all of a sudden that very close transit time between the truckload and intermodal transit really becomes very negligible. And I think that's going to really help us grow.

The other thing that's important is many of you are probably very familiar with the hours of service changes which will be taking place and getting implemented in all likelihood later this year. And I would argue that there's been really a state of equilibrium between truckload demand and truckload capacity in recent years. And assuming that the economy was to continue with about the same level performance it has, anything that upsets the capacity that's available is going to create challenges for shippers. And we really think that intermodal is going to be a key piece of filling those capacity challenges.

Now, in terms of how you can move intermodal – there's basically three choices you have. And if some of you are familiar with this, I apologize. If you aren't, this is kind of the three ways to tackle marketplace. And the first option is depicted by the upper picture – it's trailer and flat-car. And it's pretty simple. You take a – you take a over-the-road trailer, you place it on a spine car on the railroad, and it goes in basically a single stack configuration; and the advantage is, if you're a trucking company, it's an easy entry point if you're trying to get into intermodal. The disadvantage is, your rail costs are typically higher than if you're moving with containers. And it's – the advantage – and this is one of the things we like about it – is you can have a higher payload. You can typically scale 3,000 to 4,000 pounds more in terms of payload with a trailer and a flat-car offering versus container and flat-car.

Your second option, which Swift also participates in, is a private container and flat-car. And that middle picture shows some of our containers moving double stacked out west with the BNSF Railway. It does require a capital investment where you have to go out and buy containers, and make that investment. Your rail rates tend to be very competitive and at a lower price point than with trailer and flat-car. And the advantage are, you can typically have better operational control and execution. And the reason being is that you're controlling your own equipment; you're controlling your own dray with your own drivers, typically; and it gives you the ability to have a better service level. The disadvantage is, it's more complex. You need to be very familiar and understand what you're doing to run it successfully.

The final option is rail-owned container and flat-car. And that is typically via the EMP or UMAX programs. And in that case, there's no investment required for the containers; you're using the rail equipment. You tend to have competitive rail rates; and there's a fair number of accessorial charges that come with it. The disadvantage from our perspective is, you have less control because you're relying on the railroads to have boxes available for your customers. And most companies that choose this path tend to use per hire third-party dray, which doesn't always execute as well as we believe an asset-based model does.

The pie chart on the bottom really reflects the relative mix between containers and trailers; and you can see that containers are the dominant form of intermodal transport in this country.

The competitive landscape I think is worthwhile to at least call out. And there are clearly – as you look at this graph – several competitors; two in particular that have much larger market share than Swift does. There's also numerous third-party logistics companies that are active in intermodal, primarily through the use of rail and equipment. The good news for us is that there's only one active legacy rail agreement in place; and several years ago there was three of them. And so what that means is, the marketplace has become much more level in terms of our ability to compete, in terms of having a quality and competitive rail pricing.

We believe the opportunity for Swift is to gain intermodal market share in a growing marketplace. So as that pie gets bigger and more freight converts from over the road to intermodal, that will help us. And we also believe that we can take our percentage, and we can make it get larger. And the reason for that is, there's only a handful of truck (that carries) that have significant intermodal capabilities; and we're one of them. And we think we can create differentiation, because we're very committed to both growing our truckload business and our intermodal business; and that's different than some of our competitors have chosen.

Now, from an evolution of Swift intermodal, we're clearly a later entrant into the intermodal space. And we had been active with different intermodal options throughout the '90s. But really, it's the data I would pull out is 2005, which was the date that we started to make the move into containers. And we've grown our container fleet – I'll talk about that a bit further on. But we are clearly moving into a containerization model, which we believe is going to be the right long-term strategic choice in terms of how to approach the domestic marketplace.

In terms of Swift intermodals today, we're an asset-based intermodal provider, and our focus is to deliver a premium service door-to-door intermodal service offering. We have 8,700 private containers. We have – in terms of large fleets, we have the newest container fleet in the industry. We have satellite tracking of all containers; and that's a point of differentiation, because not everybody has that, and it gives us the ability to have better control and better information for our customers. We have access to Swift's 53,000 trailers, so we can use that for trailer and flat-car service. And again, that's another point of competitive differentiation. And we have 400 drivers who are all equipped with satellite communication.

I'd like to talk briefly about our business model. And what we're offering to our customers are control and premium service through an asset-based intermodal solution. So real simply, Swift containers, Swift trailers, Swift drivers, and technology have been integrated into the solution, provide heightened execution capabilities and knowledge of what's going on with our customers' shipments; because we know where the boxes are, we know where our drivers are; we can help customers understand where goods are in their supply chain.

We're going to focus upon primarily container and flat-car with our own boxes. And we're going to use a defined and engineered container network. And what that means is, that we have a plan in terms of how we're going to run our network. And that means we're going to focus on getting X number of loads in and out of a given rail ramp; and we're going to concentrate upon certain lanes that we're going to have buy-in targets. And by doing that, we're going to be able to maximize profitability on our fleet.

As we do that, and have more of a disciplined execution, we're going to create dray density; and that's going to allow us to reduce our dray costs. And that's also very, very important in terms of profitability.

We're going to be very focused upon managing dwell time on the street; and dwell time is – at a real simple level – it's when you take a box out of a rail ramp with a load on it; how long does it take you before you get that same box back into the rail ramp with another load, going to get delivered via the train – wherever it's going to go to. And that's critical to ultimately increase your turns, which we're going to focus upon having a disciplined sales approach and execution just managing that dwell time.

We've talked about our use of trailer and flat-car before. And we will continue to use our TOFC; but we're going to use it on a very selective and tactical basis. And the thing that I like about TOFC is the ability to go into a customer that has freight that tends to be heavier, and create a heavy payload solution for them. And we've had success selling this to customers in the past six months.

I also liked having a closed-loop quasi-dedicated solution with trailers; because the key to making money in trailer and flat-car is staying balanced. So if you keep yourself balanced and have kind of a closed loop that you're running your trailers in, and you're running a higher payload, you can make money and deliver great value for a customer; and that's what we're going to focus on.

We'll also focus on those customers that value flexibility and integration with our truckload solutions. So as an example, if somebody wants to have an expedited service from Los Angeles to Chicago, and if they have it integrated with a longer dray, possibly via team service, once we get to Chicago, that's something we'll pursue. And again, that's a point of differentiation that we can execute, that not everyone in this industry can execute.

We're going to focus upon a high usage of Swift power and drivers. And Swift power, or the use of our tractors, reduces our costs, improves our service reliability. In this past quarter, we're at about a 60 percent pick up and delivery of drays with Swift power; and our goal is to grow that. As we finish getting our bid season lined up, we understand those markets that we're growing in; we're going to either a) re-deploy our fleet; or more likely, b) recruit more drivers to fill those markets where we're having growth. Because our goal is to make this percentage get much larger.

We will engage in slip seating of our trucks to increase our return on our net assets. And by slip seating, that means you have a driver who's working in a truck today. He hits the end of his shift at the end of the day; he pulls into the park point. Another driver will jump into the same truck, and he'll drive it throughout the night. So you get better return on that capital we've invested.

We do have lightweight tractors. And we will deploy those in marketplaces where there's heavyweight freight that's not going to move via trailers, but move via containers. And by doing that, we can get another 2,000 to 3,000 pounds above what a typical container solution can do, and again, create differentiation for our customers and solutions for our customers.

We have started to focus more upon the use of owner-operators. And we experimented with owner-operators in Q4 of last year, and liked the results in terms of how it played out in terms of – in terms of the miles we were getting out of them and the cost force. And so we're going to focus our growth of our own trucks through the use of an owner-operator model for the balance of this year. And that's a change from where we were; but we think it's a great way to bring in capacity – it's reliable – and not have to invest our capital to do it. So that's what we'll be focusing upon.

And then the final thing is, we will continue to use third-party dray to really give us flex when we have more demand. And we're going to focus upon using third-party dray carriers that are EDI capable. And what this means is we can have electronic interchange with them, have a better service solutions, understand where those carriers are, and communicate with them.

Now, Swift intermodal is really at a turning point. And the graph reflects what we've done from a container count standpoint. And you can see that we basically have doubled our container fleet size in the last three years. The projected 2013 number of 8,717 containers is, in all likelihood, going to be the number of containers we're going to have through the entire year. That's how many containers we own right now.

And we've been growing rapidly, but not at the profitability levels we expect of ourselves. And what we need to do is really move out of what I'll call us being in the startup phase, and really focus upon how do we get bigger; how do we get more effective; how do we continue to grow; but how do we reduce our cost and improve our profitability. And so to do that, we need to go out and really understand what we need to do to establish the systems, establish the right organizational structure and work processes that help us sustain our growth and rapidly improve our profitability.

Now to do that, we're going to really focus upon developing intermodal expertise. And I'm a believer that results follow focus. And so what we're going to do is have intermodal experts focusing on intermodal. As an example, if you are in a trucking company, and you have a customer service rep who's handling a lot of truckload freight and an occasional intermodal load, there's enough differences and nuances you need to understand with intermodal; you're probably not going to be that effective. So as an example, we're starting to concentrate customer service in intermodal so we can have more of that intermodal expertise playing out every time we move a load for our customer.

We're heavily focused upon dray execution and cost improvement. We have made several talent improvements for our operations group where we have shifted people who are very good operators elsewhere in the company into intermodal, because we think that's a key thing we need to do, is get just a much higher talent level in the operations team. And that is underway and it's been done.

We are also moving into a single operating system to manage our dray. And currently, we had made some system choices that were good choices when you're trying to start a business from scratch. But we've hit the point that where we're large enough that we need to move into a different operating system that's going to allow us to be more effective. And so we'll have – by the end of Q3 as our target – to have implemented a new operating system that will have optimization capabilities and all our dray operations going into one system. It should get us into a better position in terms of managing our execution, managing our service, and managing our cost.

Network and revenue management is absolutely critical to the intermodal moneymaking model. And we have – we have sourced this department up; it really was – we didn't have this department six months ago. And so what we've done is some things like shift pricing from an assured service corporate function into intermodal. And that's allowed us to have a better understanding of our costs when we price business.

We have gone forth and done a network engineering model. And this is really important. Q4 of last year, we found a group to help us in terms of going in and answering a very simple question for us – with 8,700 containers, how do you maximize profitability; what are the ramps you run; how much volume do you try to push in and out of each ramp. And we've conducted that work, and we're using that as basically our sales blueprint that we've been working on throughout the year. And that's a key thing to really drive profitability improvements.

Our network team is being built out. And their job is to really have some analysts to go in and look at our dray execution – the truck execution – after you pull of a rail ramp; and understand how can you drive empty miles out of an operation; how can you hook different loads together to get you a better loader ratio. And it's all about finding ways to improve our cost. And so we've had some great work; we've started to resource that team at the end of Q1. And we're starting to see them identifying opportunities for working on right now to improve that dray cost.

We also have some analysts who are going in, and their sole job is to look at freight and assess – are we making the money we should be making on it? And it falls into pretty simple things; are you running the business the way you priced it? If not, start running it the way you priced it. Are there opportunities to reduce our costs? Are there opportunities to hook different pieces of business together? And it's all focused upon making sure that if we thought a piece of business was going to have eight percent margins, we're getting at least eight percent margins, and being very analytical in terms of what our opportunities are to improve that.

Container turns and chassis cost is absolutely essential for us. And we bought about 2,500 containers last year. And we are not going to add new containers; as of right now in 2013, I don't see us changing that position at all for the balance of the year. And the reason being, is we can move at least 35 percent more freight with the container fleet we have. And so what we need to do is take the investment that we've made, and we need to fill it up with freight, and ultimately use that to drive our container turns up. And as we do that, our chassis costs – which are basically wheels that go underneath a container –

those costs go down; because we'll have the boxes on the train more, versus being on chassis on the street, which is a key part of reducing your cost.

The final thing I think is important to call out is rail cost. And you need to absolutely have a good rail contract in place if you want to compete in intermodal to make money. And the good news is that we do have favorable contracts and favorable rates in place with all our rail providers. And that piece is really that core foundational aspect that needs to be there in order to be successful with intermodal.

Objectives for 2013 for us; and I've touched upon some of these themes, so I'll be relatively brief. But we need to focus upon our revenue growth with our existing containers. And this is what I always affectionately call bid season. And we've had a lot of bid activity underway. And we're still waiting for some of the awards to be finalized, but so far the initial awards we've received are very favorable. And so we feel very good about what we're doing from a growth standpoint, and getting ourselves on freight that allows us to make money and run our business effectively.

We have a shared services sales team approach; and by that, it means that our sales team is selling truckload, dedicated intermodal, and other Swift services. And what we're going to do especially as that third point and hours of service starts to take place, is we intend to use our truckload capability and capacity, and use that to leverage our way in to persuade our customers to give us more intermodal volume. We've been doing that already, and we're starting to have success with it; and that's something that we want to build upon.

Pricing is absolutely essential to profitability. And I would argue that price is probably the single largest factor about whether you're going to make money or not make money. And we are going to be extremely disciplined – and we have been in the marketplace in terms of understanding what are the price points that we need to be at to make money; and we are being disciplined in our approach to bids; we're going disciplined in the marketplace. And that is going to be a key factor in improving our results.

And then the final thing is cost. And you improve your cost through improved container velocity, volume growth, and dray execution. And so it's a very simple formula to make money; and that's what we're focused upon doing right now.

So to sum things up, we are clearly growing and on the right track. We've made a sizeable equipment investment, and that's been completed. We're going to get the return that we expect out of the investment. We're going to continue to refine our work systems and work processes so we can run effectively in a low-cost manner. And we're going to focus on profitable growth, which means understanding price, understanding volume flows, and controlling our costs so we can deliver the profit that you all and we expect of ourselves.

Richard Stocking: All right. Thank you, Steve. As you can see, we're excited about this line of business. I'm very excited to have Steve on the team; he's brought a lot of talent into the operation for intermodal. And we should see marked improvement going forward with the plan.

The next thing that we're very excited about is Mexico. Jerry and I were in Mexico – I believe it was the end of January; and we called on about 50-plus customers in a short period of time. And it really opened our eyes to the power of their GDP, of assembly, of product in Mexico, as well as the ports that are sending northbound business.

And so we're very, very excited about this opportunity. We run a very, very good trucking company down there, and I'm excited to have Mauricio come up and share more about our organization down there.

But if you look at the crossings and at the market, we're only two percent, again, of the market. So there's huge opportunities down there. And we believe, with our technology, with our safety and security, with our talented people and our customer base on both sides of the border, that this is an incredible opportunity for us. And we'll turn the time to Mauricio to talk through Mexico.

Mauricio Garcia: Thank you Richard. Good morning. My name is Mauricio Garcia. I'm in charge for operations in Mexico for Swift/TransMex. And we're going to talk about this morning – about opportunities we are facing right now in the Mexican market.

OK, well, the agenda will be – first of all, we're going to show some numbers about the United States and Mexico trade statistics; United States and Mexico also transportation statistics; presentation; risk; TransMex, and also all of our statistics and our customer base.

Well, it's important to mention, first of all, that Mexico is the third largest trade partner that United States has. For Mexico, the United States is the first trade partner. And if we look at the amount of the trading, it's 494 billion. But if we go to the amount of – if we go to the amount of goods that Mexico buys from United States, it's basically the second – the second trade partner that United States has.

We go to the next slide. As we can see, on the last six years, the amount of trade goods between United States and Mexico has been growing year over year; for last six years, about 49 percent, since 2006 to 2012. All this trade is basically – the majority of it is done through trucks over the road; 53.8 percent of the trade between Mexico and the U.S. is done by truck, and that – through containers, rail, and some other transportation methods.

And all of this trade, during the past year – 2012 – there were over 5 million trade requests between Mexico and the U.S.; 88 percent of it is divided in six port of entries, which the first two of them are in Texas. But the first six borders are mentioned here. Trans-Mex has operations and terminals in all these borders.

OK, we'll go to the next slide is – we're going to talk about Tranx-Mex. Trans-Mex is a company 100 percent owned by Swift. With this, Swift became the only U.S-based carrier to own a Mexican carrier basically of this size – over 600 trucks. Currently, we have 664 in our entire fleet; and we expect to add between 100 and 150 more trucks before the end of the year.

Trans-Mex also has been successful in our revenue year over year; the exception – 2009, of course. As I mentioned already, the United States – the first trade partner for Mexico, so we were affected by that also; not as much as the statistics on the country. But as a company, we're doing very well. And year over year, we have been growing our revenue.

On the next slide, you can see all the terminals; we have 11 terminals all over Mexico. And we are the only company that has presence coast to coast between the main port of entries between Mexico and the United States. All over the border, we have terminal – the terminal, we have the same operations and the same systems on both sides of the border. And of course we have the opening near to Mexico City, which is an industrial area is Taluca. And also we have four dedicated on-site personnel in trucks and trailers and different other places in the country.

OK, the services we offer Mexico is full truckload, with the flatbeds with temperature control, reefers; intermodal, of course. We offer also border crossing services at the main port of entries; custom brokerage; driver weight services; driver management; B1 drivers; and of course hazardous materials, which is specialized.

Quick overview about Trans-Mex during 2012; we performed over 107,000 trailers crossing both sides of the border. This represents 2.1 percent of the total market of – terrestrial market between Mexico and the United States. How did we do this? Well, we have all these terminals – best in class safety and security; state of the art facilities everywhere in every single terminal that we have in Mexico, we have robust security and safety procedures. We go the extra mile in our personal certification. And of course, with all of this, we have a strong structure with great capacity; we are prepared for the robust Mexican economy to grow.

On this slide, we have a general explanation about regular operation on northbound. Once a customer scheduled – required a pickup into the Mexican; in this case a northbound out of the Mexico City market. Once this is scheduled, we pick up the load, take it to the border. We keep it arrived to our border – our security – our secure facilities at the border, and wait for customs clearance. Then after, we cross the trailer into our facilities on the U.S. side; and then it will be scheduled according to our customer requirements.

This process – it might take – to cross the border, it might take some minutes; it might take a few hours. But it will depend on the customer, and also the custom broker clearance. And after that, it's a scheduled safe and secure delivery between the 48 continental states and also Canada.

The next slide is some of our customers we serve on Mexico – between Mexico and United States.

The next slide is a brief summary about Tranx-Mex. Trans-Mex is 100 percent owned by Swift transportation. We have 664 trucks, and we expect to grow to 750 to 800 trucks by the end of this year. We have 11 terminals for all Mexico; first in class maintenance and trans-loading facilities. We also have satellite communication that creates seamless visibility between U.S. and Mexico 24/7. We are CTPAT certified. We have expedited border crossings. We have a commitment to future growth in conjunction with our customers. We have very high significant opportunity for future growth. By the implementation of Swift guiding principles, we have developed a team of great leaders for the challenges of today and tomorrow.

Thank you.

Richard Stocking: Thank you, Mauricio. So again, the takeaway here is that there's huge opportunity in Mexico. We have a tried and trusted and true executive team – leadership team – down in Mexico. Our security is second to none down there. We're able to single-source a lot of customers because of that security, because of those processes, because of these leaders. I'll tell you, there's very few people that are trusted as much as Mauricio and his team in the country of Mexico. And that really helps us when we look at changing their process to match the processes that we have at Swift. And they have the same transformation; the same lean six sigma disciplines of execution and leadership training that we have on the U.S side. So we're very excited about the Mexico opportunity, both on the truck side and the intermodal side, as Steve has talked about.

So let's go up north and talk a little bit about Canada. Canada is a very small piece of our business, which I'll show you in just a second; but great opportunities for us going forward. You can see that we're only less than half of a percent of the market today. We have three fleets that run from the U.S. borders into Canada, and load freight there to come back to Swift trucks on the other side. So we kind of have the same process we do in Mexico up in Canada.

However, we just started to hire sales presence in the country of Canada. We've won some very good business with key customers into Canada. And we're back-hauling that now out of those provinces. And so we're very excited about the opportunity that presents itself there, as more and more of our customers are moving to Canada and setting up shop. So Canada is another opportunity that we have to grow.

The other – the next one would be logistics. And this is another exciting opportunity for us as well. We sold our stake in Transplace a while back, and was then able to reestablish our brokerage and our freight inter-management systems within the organization. You can see that we are barely a blip on the map. But I will tell you that our customers are very excited to have an asset-based provider have these logistics opportunities, and the software and technology to help them out; whether it's brokering a single load or taking over the full transportation department – from an OTM to kind of a lighter platform on brokerage.

So let's talk a little bit about that. So if you look at the growth of GDP versus the 3PO growth over the last decade, it's outperforming two or three times. And we are excited about this, and see that growth opportunity within Swift.

So Swift logistics – our purpose then is to provide this value – or this service offering – to the customer. We want to be a billion dollars in revenues in 2017. Now, we're going to do that two ways. We're going to do that through the total transportation solution, as we have bought a TMS system; so we can broker freight, we can send out bids, we can pay carriers – we can do all these types of things. They can actually go and pick and choose different items from the system that we can actually help them with. The other, obviously, is to pick up opportunities from overbooked markets, and put those onto third party carriers.

So the 2013 outlook is aligning our people and our processes. We've hired some very good talent in this division; and we're seeing that start to pay dividends. Great industry knowledge that's helped us get very organized, not only with the third party carriers, but really the systems, the processes, and the mental model for the brokerage and the OTM.

So we want to have at least close to that 60 percent growth. Our on-time average with our third party carriers is 98 to 99 percent on time. So we have very good quality. We won't do business with folks that have multiple CSA alerts, or other delivery problems, or so on and so forth. So we're very focused on a very pure fleet; and we hold them to the standards that we hold our own trucks and owner-operators to.

So phase one is to focus on the low-hanging fruit, which we are. We're bringing in a lot of business through the brokerage side. And we're selling – currently selling – the transportation maintenance system – the OTM system – to our customers as we speak today. We have a very good pipeline that we're working on, and expect growth in that area.

We also are hiring the right people. We understand leadership, and we understand putting people in the right seats; and we understand helping them align themselves. And we've done a very good job over the last couple months there.

Phase two is the expansion – excuse me, the growth. And we want to help differentiate ourselves through our services – our whole portfolio – and our network, which we believe is very robust, and we'll show you in just a second.

The other thing is, we have brokerage – on-site brokerage – in some of our customer service centers; and looking for (Greenfield) brokerage locations across the country as well as we expand this; and not just in the U.S., but also Mexico and Canada.

And then our alliance shippers – I need to mention that. If we get into the warehousing piece, and those types of things, we have very good partners that we have relationships with that'll help us through that front.

And then finally, phase three. This is another are where we have a billion-dollar growth goal. I don't know if Steve mentioned it, but we have a billion-dollar growth goal on the intermodal over the next few years; billion-dollar growth goal in logistics over the next few years. And we believe that we're positioning ourselves and we're poised to take advantage of that growth.

All right, something near and dear to Jerry's heart – the teams. We plan to grow 300 additional teams this year in 2013. These teams will be hazmat certified that can haul for customers that require that hazmat certification. We're on our way to – we're right on plan for the first four months of the year in this growth. And we have a person that's set aside there in Phoenix who is leading this charge, who has accountability and control, centrally, of all these teams throughout the country.

OK, now if we go into the next slide – this is customer care. This is something that we don't take for granted. We understand that the customer has to have an outstanding experience when they deal with us; from the time they pick up the phone and call, or they send an e-mail, or it's on-time pickup and delivers – sending good professional, courteous drivers – to really coming to them with value-added opportunities; not just that we have the power – the trailers, the trucks – but really, how do we optimize their network and use our network, to really build win-win solutions – best in class transportation solutions.

They're looking for that; they're looking to sit down and – eyeball to eyeball – and create that relationship. They want trust. And what that trust is, is really the integrity and the intent as well as the capabilities and the results that you produce. And so we're hyper-focused on that, so that we can move along. We feel like when we have that trust with these customers, and we're performing for them, that we grow very quickly with those folks. And when you don't have that trust, and you don't have the capabilities or the results, or the intent, or the integrity, you start going back the other way.

So our terminal network; this is something that really sets us apart in the industry. We're very close to our customers. We can respond in a very quick fashion to their needs – to their trader pool needs, to sitting down, having them come and visit the terminals and see what we're all about; as well as we're close to our drivers, and where they live. And we – this infrastructure helps us keep our retention higher than maybe most. We look at industry average – we look at where we're at – and we feel like we're doing an incredible job on retaining our drivers; and we want to continue to utilize the network for our shippers and our driver customers.

Now this is a fun snapshot in time – this is – every dot on there is one of our trucks. So you can see we have a very dense network. When you think of customer service, if the load goes down, and you have a mechanical issue, you know that there's other trucks within the area that can then come in, pick that load up, drop and swap loads, and that load continues on to service the customer. So this network is very advantageous to us to take advantage of spikes, and also trader pools as well, to get our drivers home.

All right. So our strategic focus teams; I talked earlier about how we as an executive team look at strategy in a different way. We bring these strategies back to the strategic focus teams. And then take them to fruition and implementation. And so everybody's involved. We have folks at all different kinds of levels within the company, and also all over the country, that help with these strategic initiatives. So one of the teams is to improve our driver recruitment.

And if you think of a funnel, we have huge amounts of drivers at the top of the funnel; and by the time they go through all of the process and get down to the end, it's amazing how many drivers have fallen out of that funnel. And we're finding that was because of some of our issue. We had an online system that was very cumbersome and clunky, and lots of people gave up; and certain other items on the way down through the funnel.

Well, this strategic focus team is working on streamlining that process, and speeding up that process to help the drivers get in and get in quickly. And a potpourri of other items that they're doing relative to driver recruitment. On the other side, we have a strategic focus team that's focused on retaining our drivers – creating a friendly driver touch point every step of the way. From the phone call, to the (qualcom) messages – the communication inside the truck – to the regions that they run, to predictability in their home time and in their paychecks – those types of things – to incentive programs. And we're really finding that we're able to hang onto a lot of our drivers.

We had a celebration the other day of our diamond drivers throughout the country. And the amazing thing that we've seen afterwards is just the flood of emotion and excitement and pride that these folks have being the elite at Swift. And as the new folks come in, they want to reach that status. Because when you reach that status, you get a lot of different things. And they produce great results for the organization.

The next team would be to increase our revenue. We said 10 percent – $275 million, $280 million – how do we do that? So in addition to just a couple of these items, there are 15 other items that this strategic focus team has come up with, that we have now sub-teams working on to increase this revenue. As we've talked down through the different lines of businesses, and the different opportunities associated to revenue, these teams area actively engaged in helping us achieve those results.

So let's talk about our targeted growth; and we've shared this slide before. But back in 1990, we were truck, right? We grew, and we added dedicated and intermodal. And we did have some logistics before we combined to form Transplace. But 2012 – this is where we ended up. You see our truck pie? You see the red intermodal – or red dedicated, the green intermodal, and the purple is logistics. Now, as we go forward and work with our customers and grow, in 2017, this is the pie that we want to have. Now trucking grows; but so does these other service offerings in a major way. So that's where we're headed. That's our vision.

All right. I've got five or six slides left here. So this is the steps. These are the steps that we're taking towards revenue growth. We know the market's fragmented; we know that the market is growing. We're targeting new customers. We're very proud of our sales force and their mindset to really go out and bring on new business, and not just keep the existing folks going. We also believe that there's tons of opportunity – if you take your mind back to that slide of our existing customers – tons of opportunity to continue to grow with them, and to improve our asset utilization.

We've talked about fleet growth. And how do we do that? We do that through utilization of the existing fleet. We also do that through truck additions. We've talked through the different lines of business that we have in teams. Acquisitions – something we didn't mention. At the beginning, we talked about acquisitions being part of our – in our DNA, and part of our growth back in the 1990s. We are constantly looking for opportunities that are out there for acquisitions. Could that be in Canada? Could it be in Mexico? Could it be the temperature-controlled business? Several different areas that we would be able to grow and build out – continue to build out. So acquisitions – someday – could happen again here at Swift.

And then that leads us up to that 10 percent growth. So these are the steps that our team, throughout the organization, are working on.

The three pillars; OK, we've talked about this slide as well, so I won't spend a whole lot of time here. But profitable revenue growth – if you leave with anything, understand that our foundation is built. We now understand that – how we can grow, and grow profitably. We're going to grow that through our existing customers, and through new customers. We're also going to make sure that we're leveraging those suite of services that Steve talked about to fill out areas where we need to work on.

We have a whole team – network team that have these studies around the country of where we should go; how we scorecard everything, from – and I'm not going to tell you all of them, because there's a lot. But we know from the velocity to the weekend freight to so on and so forth – every area, every customer, every land. And we're getting very, very disciplined in helping that bottom 20, 30 percent of our business elevate. So you increase your rates that way; you can improve your velocity and your lane flow; your seasonality – that kind of thing.

We're going to grow the asset light businesses that we've talked about today. And then the customer care option there. The middle is to improve our asset utilization. This has been fun, because we've shattered the old mental model that this is all one truck can do in a day. We talked about innovation and maybe even disruptive innovation in different lines of – or departments in our company, to help us move more miles on these trucks, and not get focused in on what's happened for the last 50 years. There's a new way – there's a better way; and we're exploiting that.

Also, the owner-operator program; as I said, Jerry's very passionate about this program. These drivers drive very safely; they drive lots of miles; they give great customer service. And we have a very good process and a career path for these drivers. We believe that sets us apart in a lot of different ways.

On the right is our continuous improvement. That's the other thing I'd like you to leave with today, is that we will never stop improving, or innovating. We believe that the best ideas haven't been thought of yet. We have people that are constantly looking at processes, and constantly looking at ways to improve. We think that as we keep innovating, and really understand disruptive innovation a little bit better, we will set new heights when it comes to best in class. And we're talking best in class in every department; and that's hard to do, and that's a bold statement. And we understand that. But we're committed, and we have the power of belief within our organization.

I think several of you – and I've heard from a couple of you today – have talked about meeting some of our people at lower levels in our organization. And they could stand up here and say exactly what I'm saying today. The water has gotten to the “end of the row”. They understand our vision, and they understand how they can – what they can do to help us improve. And I would challenge any of you – if you see any of our folks – ask them these questions. That's the power that's going to move us forward.

We believe we're going to get to where we want to go. And when you look back to that revenue growth – that EPS growth, and the RONA, and the leverage, and what we told you we'd do; and we backed it up, and we over-exceeded, we're going to continue that focus going forward. We're fanatically disciplined on our execution.

The last three slides here – I want to show you that. It's worked. So if you see the change in weekly revenue, excluding fuel surcharge – and you see the blue line is Swift; and we have a red line that's an average of a few competitors. We've been able to out-perform on the weekly revenue. Are we satisfied? We're not. We are dissatisfied, in a good way. We want to continue to push forward there.

Same with weekly loaded miles – utilization. We are able to increase our drivers' paychecks by helping them run more miles. It's not just rate that you give them, it's the miles that they can run while they're out there working. And you can see we've outperformed with these loaded miles.

The next slide is the dead-head percentage. On the top line is the competitors; and on the bottom line is Swift. And you can see that we, through our network engineering, and loading our trucks where they land, and making sure they're going to the right directions – to head haul markets – you can see that we've done a great job in reducing our cost – reducing the empty miles that we're not paid for. Now this is pretty powerful; because our people see these results, and believe they can do more. So it's exciting to see the results come from all of the work that we do.

Now, this is my last slide. I just kind of want to mention a little bit about our process here. We believe that it's important that we build leaders within our organization at all levels. First to inspire trust – that confidence and character we talked about earlier – the integrity, the intent, the results and capabilities. We also believe that there's nothing faster than the speed of trust. And there's true economics that come from trust.

We also believe that we should be very hyper-focused on our purpose. And our purpose needs to be hooked to a job to be done. Whatever that is in the organization, we understand that job to be done; and it hooks to those strategies that we talked about, which hooks to our money-making model – our focus on our money-making model. So if you see a team purpose in the middle, picture job to be done, strategic link, and the money-making model. And that's what our people are focused on in that purpose.

And then we believe to align systems; to focus on the most important – to act on the lead measures that you can influence every week, and that are predictive of future results; and scorecards. It's funny how people play differently when there's a scorecard sitting right outside of where they get their work done.

And then one thing that we've done on discipline is we have provided a cadence of accountability every week, to help move towards our goals and objectives. And then we understand how to solve problems within the organization. We've taught our people – when you see an issue, like Steve talked about on intermodal, this is how we solve those problems. And so now we have thousands and thousands of problem solvers out there every day. And we have then leant them the trust to get those things done.

So our foundation is built. The theme here is that we're ready, and we're positioned to grow. I think you saw that in the fourth quarter. When there was a ton of freight that came in, we were really able to handle that freight in a very good way, and produce some very good results. We think we can continue to do that as we get a little bit of help in the economy.

And then, again, just to reiterate our goals of 15 percent CAGR between now and 2017 on EPS; improvement on our RONA and our de-leveraging opportunities which we've exceeded in all those areas. And with that, we'll turn it over to Ginnie for our financial summary.

Ginnie Henkels: Thank you. All right. Hello, everyone; good morning. Let me start by saying thank you all very much. We really appreciate your time here today. For those on the phone, we appreciate your time as well. We really appreciate your support of Swift.

So I'm going to start today by talking about these long-term financial goals that Richard just mentioned, and how they are aligned to – with your goals – to create shareholder value; as well as how they're designed to work together, and what we look at internally.

So we think of these goals as years. And our – the execution of our strategies – all those strategies that (Richard) just talked about are the levers that turn these gears. So when we look at our earnings for share growth, and what we do internally, that revenue growth helps us get to that earnings for share growth. The discipline and the cost control that Richard talked about enable us to expand our earnings for share, as well as the asset utilization. All of these things together enable us to achieve that 15 percent earnings for share growth that (Richard), and expand our net income.

By expanding our net income and continuing to focus on our assets, looking at every dollar we spend and ensuring that there's a return on that investment; that we are able to improve that return on that asset. That also enables us to generate free cash flow. That additional free cash flow, we're then able to continue to reduce our debt and our leverage position; and that also helps us, actually, reduce our interest expense as well, which then continues to turn that earnings for share growth gear.

So these are all intertwined; they're all working together; and they're all something that we're focusing on. And you can say there's a lot there; and there is. But one of the keys, we think, to maintaining this momentum, is by making sure that we are aligned, and our goals are aligned, with each one of these major levers. So if we look at our earnings for share growth, our internal cash bonuses are tied to revenue growth – that 10 percent that Richard talked about – as well as our earnings for share growth. So this is not just for the executive team; this is for our – for the family throughout the organization. Everyone is tied – their cash bonus is tied to these two metrics.

On the flip side, we don't want to just focus on the P&L. We want to make sure that we're looking at those assets, and managing those assets and the investment that we're placing in the business. So as Richard talked about, our wildly important goal at Swift is our return on net assets. So what that means is that every person in our organization has a goal that's within their circle of influence. It's something they can work on every day; something they can influence, and they can measure. And then we – all of those individual goals are aligned. We do a pretty detailed process to make sure that all of these things are aligned to improving our return on net assets.

And so – and as Richard mentioned as well, we have a weekly cadence of accountability. So we're holding ourselves accountable for making progress on all of these goals.

So we believe that with the focus we've put on there – that we have aligned ourselves, and we are making improvements. And we have these gears in motion, as Richard talked about. And so our goal now is to keep that momentum going.

My next two slides are going to talk about leverage. And my key takeaway here is that we have made tremendous progress on our leverage. And I think we need to pause for a moment and understand how much progress we've actually made.

So when we look at our leverage ratio here, we actually have reduced our leverage from 6.35 times in 2008 – so think about that for a minute – to 2.64 by the end of the first quarter of 2013. So a significant reduction in our leverage ratio. And I would say if we just look at 2.64, there's many companies across this country that use – or target 2.64 or something in that range as their ideal leverage ratio. So that is part of their capital strategy. And I would say there's portfolio managers and investors out there that you probably have companies that you're investing in today that have this type of leverage ratio, and it's not even a concern for you.

So when we look at that, I think Swift has a perception issue. We have – people hear Swift, they think leverage. And I think we need to recalculate that perception. Because we have made so much progress in such a quick period of time, that we need to pause for a moment and say, is this really an issue? And I would argue that it's not.

So if we look at our debt division, we had 2.6 billion of debt in 2008. We ended the first quarter with just over 1.4 billion of debt. So we've reduced our debt position by 40 percent. And if we look at what was actually going on in 2008 and 2009, and I'm sure you all can vividly remember; so in 2008, we had 2.6 billion of debt. Our revenues were declining, and GDP was negative in 2009. So we were able to manage that debt – and I would say manage it quite well – even given the environment that we were given.

So we have now – as I said – reduced our debt by 40 percent; and we're in a much more stable environment. So GDP is growing; it's not as robust as we would like, but it is growing and it's much more stable. And the debt we have today is more than manageable.

And the same is true for our interest expense. So with the re-pricing that we did in the first quarter, as well as with the debt repayments that we made, our run rate for interest expense today is roughly $100 million. So this is less than a third of where we were a few years ago. So when we think about that, and we think about the additional free cash flow that that gives us, we have ample opportunities to continue to repay the debt, or invest for future growth.

One other topic on the debt that I wanted to address is our covenant. We do have two financial covenants in our credit agreement. One is a maximum leverage ratio; the other is a minimum interest coverage ratio. As I mentioned, our debt – our leverage ratio is 2.64 at the end of the first quarter. And given where the covenant was set in the first quarter, we actually have 27 percent EBITDA cushion. So in numbers, that's $150 million of EBITDA cushion. And we do – our leverage ratio maximum does step down over time. But even if we took where we were at the end of the first quarter, we would still have well over 20 percent cushion in this ratio.

The same is true for our interest coverage ratio. We actually had 42 percent cushion in this particular metric. It does continue to step up over time as well. But again, given our position of where we were in the first quarter, applied to that tighter covenant, we would still have over 230 million of EBITDA cushion, and 75 million of interest expense cushion in these metrics.

So we believe that these covenants are not an issue, or our cash flow is not an issue. And it's something that we really need to consider, when you're considering Swift, and whether or not the leverage is an issue for you.

So one other thing before I summarize – I wanted to spend a moment on a question we are often asked; and that is whether we would consider issuing equity to use the equity claw in our senior notes to be able to take a portion of those out. Our answer for the last year and a half or so, when we've been asked this question, is that it would need to be in the high teens for us to even consider that. So this is some pretty simplistic math.

Obviously there's some other things that you would consider here. But this shows that that transaction would be four cents dilutive at the average stock price in April. And so given what I just talked about with regard to our leverage position, this is not something that we would consider given – just to be able to reduce our leverage. So we're not going to do something that is a dilutive transaction solely for the purpose of improving our leverage position. We have plenty of free cash flow. We're able to do that just through our operations; we don't need to do this type of transaction.

So especially when you consider that in May of 2014, these notes are callable. And if we call them at that point in time, and just do that with just swapping out the debt, refinancing them with the term loan, it is very accretive. And so I understand that there's much more, that we need to go into an analysis, and a transaction. These are sort of the end posts. They're not an apples to apples comparison. There are other things like interest rate risks and other things that we would need to consider. But the key point here is we're not going to do something that is dilutive or hurtful for our shareholders solely for the sake of reducing the leverage. We will consider, as we have been, all options that are available to us. But we will only do something if and when it makes sense.

And so, as Richard talked about, we have been making great progress on a lot of our operational targets. Our utilization is improving; our dead-head is decreasing. And there's many, many other things going on within the organization that are helping us achieve our results.

You can see here – this is similar to the slides Richard showed – that this is our adjusted earnings per share, year over year – the year over year growth percentage – compared to our peers. And we're outperforming on the bottom line as well, as a result of the execution of our strategy.

So to summarize, I want to leave you with a few thoughts. The first is that our incentives and our focus are aligned with your goals. Secondly, our leverage should not be an issue. Our cash flow should not be an issue. Our covenant should not be an issue. And anything we were to do with the senior notes should not be an issue. Our financial performance is improving. Our return on net assets is improving. We are making progress on our stated goals. And yet we still continue to trade at a discount.

So I ask a favor of you; and that is, as you leave here today, and you're pondering various things over the weekend, think about whether or not this discount is warranted. Because I will tell you that the thousands of people we have in our organization across the country, who are working hard, day in and day out, to achieve these results, do not think so. And so with that, I'll give it over to Jerry for a summary.

Jerry Moyes: Thanks, Ginnie. Just in summary, we talked about from 1990 to '07 – that period – we grew 20 percent top line as well as bottom line. This company knows how to add shareholder value. If you had bought our stock through that period, you would've had an 1,800 percent increase in those 17 years. From '09 to 2010 it was a tough environment; going through a public offering – or taking things private, and then since our IPO in 2010, we've had dramatic operational improvement and very good growth and earnings per share.

This is the first time since going public that we've talked about growth. We can add 10 percent growth through new customers; probably most importantly, our existing customers. We have huge opportunities with our existing customers. Our intermodal – some of us old-timers in the room, and I won't say anything about John – but I remember at these analyst conventions, when J.B. Hunt was up there, and they would say, if you would just get out of that stupid intermodal business, and focus on trucking – what are you doing with that? Well, look where they are today. And we're the newcomer in this intermodal business; we've only been in it four or five years. So we think that we've got great opportunity in it. It's a long-term strategy. But we're going to get there. We're very excited about what Steve and his group are doing.

I really want to compliment Mauricio – he was a little nervous getting up here this morning, but he did a great job. So thank you very much, Mauricio. And for you (Cullins) folks, I can tell you – when Richard and I went to Mexico, as he talked about, we have the right people on the bus down there, and we've got them in the right seats. We have great people in Mexico going along with our great customers.

And one thing to keep in mind in Mexico, when Mauricio talked about 83 million of revenue in Mexico, that's only 30 percent; because 70 percent of that is on the U.S. side. And keep in mind we have zero dead-head when we drop and pick up at Laredo. So this is very, very important; and our growth is pretty excited.

Richard talked a lot about logistics. Being a big asset carrier as we are, and with our new systems that we bought, I can tell you we're very excited about getting more and more involved in the logistics business. We talked about EPS, and growth in EPS, and we told you our goal is 15 percent per year CAGR. Don't get hung up on these quarter to quarter to quarter. Well, fuel's going to go up, and you missed your quarter a penny; or whatever it is. I can tell you, we're long-term growth. If you're looking for a stock that's long-term orientatied, this is the company to be in.

We talked about a RONA. Every person in this company is very, very focused on RONA. And Ginnie, I thought, did a great job in talking about our leverage. One other thing is keep in mind that its public information that me and my family have over 50 million shares of this stock. One thing that hasn't come out is our management team has options worth over 4 million shares of this stock. And I can tell you that we have all – we all have exactly the same goal as you do, and that is to maximize the value of this stock.

So with that, we'll turn it over for questions. Yes? Oh, I'm sorry, Ginnie's going to say something first.

Ginnie Henkels: So real quick, we know we're going to get a certain question; so I just wanted to address it first, so you don't have to bother asking. And that is with regard to the ISS report. So you are probably aware that the ISS issued a report on April 22nd with a recommendation as a “For” vote for all of the proposals that we had on our – on our proxy. The teamsters issued a letter – or actually publicized a letter that they sent to us the following week. And then ISS changed their position with regard to our directors – excluding Jerry – and recommended a withhold vote for our four independent directors.

The issues raised were regarding related party transactions as well as our pledging policy. Some of the information in the teamsters' letter was inaccurate, and we're in the process of addressing that letter today. We have contacted ISS to understand why they changed their position – we were pretty shocked by this change in their position – as well as just trying to understand what the basis for it was. They have not yet responded to our phone calls.

And so just to clarify, we have a trading policy that does limit our pledging transactions to 20 percent. That is a policy – all of our governance policies were put in place when we went public back in 2010. And it was all disclosed in our proxy – I'm sorry, our prospectus – at that point in time. Everything has been disclosed – all the related parties, everything else – has been disclosed from the prospectus and each SEC report going forward. So it's no new information; nothing has changed within those policies. It is standard practice.

We do have a pretty robust related party transaction approval process as well. Those transactions need to be brought to myself and our general counsel for approval, and then it goes on to the independent directors of the board, to ensure that they're arms length, that there's no favorable treatment there, and all that.

I just wanted to clarify that first, just to explain that there is no change; everything has always been fully disclosed, and we are not sure why ISS changed their position. But we will continue to pursue that.

Jerry Moyes: All right. Thanks, Ginnie. Over here.

Jason Bates: So I believe we have a microphone in the back that we can hand to the people who are asking the questions, so the people that are dialed in can hear. You got it, Ginnie? So if you'll wait until you get the mic so people on the phone can hear your questions.

Jerry Moyes: Go ahead. We can start with one – go ahead. I'll read it. I'll make sure we can hear it.

Scott Group: (Inaudible) a little bit more color on (inaudible), a little bit less than (inaudible) percent in the first quarter. (Inaudible).

Jerry Moyes: Good question. How do you grow 10 percent in the two percent GDP? Keep in mind that our customers are growing pretty dramatically. But keep in mind that as a rule of thumb, we potentially could haul every load three times. We haul a load of raw materials into a manufacturing facility – Procter and Gamble. We haul the finished product to a Costco distribution center; and from there, we haul to a Costco store, as an example. So we could haul the same traffic three times.

So growing – we're aligned with customers that are growing faster than GDP. And we could have a multiplier effect on the traffic.

Go ahead, Richard, if you've got anything else.

Richard Stocking: To reiterate what Jerry said, plus we have specific goals on the rate, the utilization – those types of things to help us get there. But more importantly, we have forecasting with our customers. We've sat down with those folks in the different lines of businesses we talked about, and we set goals to get to this year with several of those customers.

Now, we're not all the way there yet, obviously. We've gone through bids. We understand what we've won, what's coming into the hopper this quarter and going forward. We've been pretty darn successful in these bids. We've also gotten freight back that we may have lost some in the first quarter, because we held true on our rate or increased. And the customer experience with a different provider didn't work out; so they came back at our rates. And we believe that we'll continue with some of that going forward as well.

Scott Group: (Inaudible).

Richard Stocking: Yes, so pricing is tough. We'll tell you that. You really have to sell value. So I would say it's a little bit of both. I think we do things inside of Swift that are helping us win some market share. But I will tell you that the pricing is tough out there. We're seeing some pricing activity with some companies out there that we don't like – can't understand why they're doing that. But we do know that the value we sell to some of our customers, we're able to get rates maybe that are higher than what a low-ball rate would be.

Jerry Moyes: We think that supply and demand is pretty even right now with trucks and volume. And we think if we get just a little bit growth in the economy, some of the stuff that we've lost, or we've had higher rates, is going to come back. And we're seeing that already. So if we can see it'll pick up in third or fourth quarter, we think a lot of that will be coming back.

Richard Stocking: And we would say that April was OK. But May started off a bit better than April; so hence some of our bidding activity, some of the awards coming in; and other things that we're doing and seeing in the marketplace. So it's a little bit stronger. Now, we had some funky weather in April in parts of the west; 80 was shut down two or three times – those types of things. But we're seeing momentum is what we're seeing.

OK, over here.

Chris Weatherby: Thanks. Chris Weatherby from Citi. I guess a question about de-leveraging. I just want to make sure I understand the comments. As you think about it as part of the next five years and the EPS growth, how much de-leveraging should we expect? Are you thinking that that takes a little bit of a back seat to growth? I guess I just want to understand how you're thinking about that.

Ginnie Henkels: So we said our target is to be at 1.5 times of leverage by 2017 – by the end of 2017. We are, as (Richard) said, ahead of that goal. So we will want to continue to de-leverage, depending on what happens. It might come up for a little bit, but then we'll continue to make progress down. So I think the answer to your question is both. So – and we believe that we can handle both of those.

Chris Weatherby: And just any thoughts on CAPEX in the shorter term – I guess, 2013?

Ginnie Henkels: We said our target for CAPEX for 2013 is 250 million. It may not be quite that high. If you look through the appendix, there's a nice little slide in there that explains that a little bit. Everyone's flipping there now. But it'll be around 225, 250, somewhere in that range.

Jerry Moyes: Ken, go ahead.

Ken Hoexter: Ken Hoexter from Merrill. When you talked about returning to growth here, maybe you could delve into a little bit of price versus utilization as you move forward. Are you willing to give up a little bit more on that utilization to focus more on that price? I just want to understand how that can translate into what you're anticipating on the operating ratio. Should we continue to see that improve? And then on that same growth phenomenon – and that's a big number – a billion dollars on intermodal; maybe you can talk about – after not seeing that growth – how you get there.

(Richard): Yes, so we're not willing to sacrifice utilization, Ken. We're going to continue to grow that utilization, and I think in ways that may be different than normal. So yes, we are going to grow the utilization before we add trucks to the fleet. So that was the first part of your question.

And the second was intermodal. Yes, so last year, we had an incredible percentage as far as growth goes. This year, I think it's very – it'd double digits; it's very respectable. We see, in the marketplace, opportunities that we haven't taken advantage of. Steve talked about a network study that was done. And we're executing off of that study. And that was a paradigm shift, or slightly change on the way we did business. And so we believe that with that knowledge, that over the years, we will get to that goal.

Rob Salmon: Rob Salmon, Deutsche Bank. Could you talk a little bit with regard to the intermodal – as we look out, what sort of profit improvement goals you have there, and ways you kind of expect to get that segment to a more profitable level.

(Richard): From a profitability standpoint, our goal is to get into the mid-90s number by the end of the year. And it's driven primarily by two things; the increase in fleet utilization – getting our containers turned at the target levels we need to get to; and then really just control (inaudible) factors we control, which is primarily dray execution and the dray cost.

Yes?

Jason Seidel: Jason Seidel, (inaudible) Securities. This goes back a little bit to that long-term growth target for both intermodal and logistics, and the mention of acquisitions that (Richard), I think you mentioned earlier. How big a part, between now and 2017, are going to be acquisitions for both intermodal and logistics?

Richard Stocking: How big of a part?

Jason Seidel: Yes – of your growth. Yes.

Richard Stocking: Sorry, I'm having a hard time hearing. We don't know. We're constantly looking for opportunities out there. We haven't found the perfect fit. But if we do, obviously they'd be a part. They're part of our history; we know how to do them – that's the thing. So we've done 12 of them. We understand the integration; we understand the leadership and the people; the customers; more importantly, the drivers; and all the pitfalls that go along with an acquisition. So we think we have the knowledge and the skill. We just have to have the right opportunity.

Jerry Moyes: Keep in mind that through that growth period we had up through '07, about 50 percent of our growth comes from acquisitions. Now, don't get hung up on 50 percent; but as (Richard) said, we're very – acquisitions is in our DNA.

Jason Seidel: And when I think about your container fleet – the size of your container fleet – that billion dollars that you have set out over 2017 – how big should we think your container fleet's going to be by then?

(Richard): Well, that billion-dollar growth goal could be past that '17 year. But, Steve, any thoughts on number of containers he's asking, for a billion dollars worth of revenue?

Steve Van Kirk: Yes, I could do the math; I did do the math before he asked the question. And it's really getting a target number of turns; and for me, a fair number to aim for is about two turns per container. And you figure (inaudible) load, and you could have back (inaudible) easily that way.

(Richard): And it goes back to Ken’s point, right and to Steve's earlier, that we won't grow – or add containers until we get the utilization and turns on that equipment – a return on that asset – going forward. So we think we have some runway as far as growth this year.

Yes, (Tom)?

(Tom): Yes, so I wanted to pose one broader question for either Jerry or (Richard). And then I got an intermodal follow-up if I can. What's your view in a multi-year basis in the truckload market – how it evolves? Do you think that there will be a period where the market's strong enough to see growth in fleet again, or should we consider maybe volatility on the economy primarily a driver of pricing? And in terms of pricing, do you think we can get beyond the mid-single digit pricing, if the economy strengthens? Or how do you view that in terms of fleet capacity growth for the industry relative to pricing opportunity?

Jerry Moyes: Well, I think you've got to look at the industry. Nobody's adding any capacity. I think (Kevin) said he's going to add a couple hundred trucks. But there's no capacity being added to this industry. And if the economy starts picking up just a little bit, we don't need a lot more help than what we've got. It's going to get pretty tight. I think for the first time in this industry, everybody's got a tremendous amount of discipline that – we're not going to run out and by 20 percent. I mean, I remember sitting down, in our heyday, we'd just add 20 percent new trucks every year and never think anything about it. But nobody's adding any capacity. And I think there's tremendous discipline. So I think that's what's going to happen.

And then the other issue is you've got – you've got four or five pretty good-sized carriers out there that are in pretty serious trouble. But – we can see a little falling out, or some consolidation. And there hasn't been a lot of consolidation in this industry over the last few years. Steve's picked up some small companies. But I think there's some pretty ripe things out there over the next four or five years from an acquisition standpoint.

Does that answer everything, (Tom)? I'm not sure.

(Tom): So I think maybe a couple years ago, coming out of the last downturn, there was a sense of you could get mid-single digits pricing if the economy picks up; and then maybe there's an upside scenario to get high single digits. We haven't really seen that play out the last few years. So what would you think is realistic if the economy strengthens? You get mid-single digits pricing? Or how would you look at that magnitude?

Jerry Moyes: Probably low single. I mean, if we could get three, four percent – and we're not there today, don't get me wrong; but last year, we ended up at -

Ginnie Henkels: 3.1 in the truckload.

Jerry Moyes: Last year our truckload was 3.1; and that was pretty good last year. So it's going to depend on the market, (Tom). But if we can see a little growth, we could get to that three, four, hopefully five percent.

(Richard): So, to Jerry's point, we're at equilibrium. And you see the attitudes change very quickly when you have a month or six weeks worth of tightness and improvement in the economy – with the shipper. And if we just had steadiness of that tightness for a quarter, you would see things change rapidly.

But I'd take you back to what Jerry's just saying. When you talk about fleet growth, in my view, even outside of the economy growing, we're a half a percent. There's so much opportunity out there for our salespeople to sell properly, and to grow on the fleet side. So we have to look at this a little differently. There's a huge market share and opportunity in the truck side for us to grow. We just have to have the attitude to get out there and sell that properly, and bring the value to the customer.

So it doesn't mean that just because the economy doesn't grow that we won't grow on the truck side. I'm a firm believer that we can take more market share. I believe we can earn more market share at good pricing.

(Tom): OK, and just a quick one for Steve. What kind of timing is realistic in terms of all the initiatives you have, and the focus you have on utilization – (dredge) utilization, and implementing the new system, and so forth, as it translates to margin? If we come back in another year and have a meeting, will you say, hey, we're pretty close to a margin that you had in mind? Or is this a multi-year, to really get those initiatives to translate into operating margin performance? Thank you.

Steve Van Kirk: You know, it's one of those things that – some things will be able to catch traction more quickly. And I think we're going to see some of those efforts really starting to show results as we move into the tail end of this year. I mentioned about the – operating the system change for doing that. That's really a critical item. If we're successful in getting that implemented and running like I think it's going to by the end of Q3, then that should have a very positive impact as we move into the Q4 timeframe.

Jerry Moyes: Donald?

Don Broughton: Donald Broughton, Avondale Partners. You laid out some very aggressive goals of growing both logistics and intermodal, and giving you de-leveraging goals, non-asset, light asset-based things based growing – that makes all kinds of sense; it all fits together. You obviously have, internally, some margin goals for those businesses given what you're doing right now – slowing down growth in intermodal. So can you share to us, whether it's in 2016, it's 2019, whenever it is you get to these billion-dollar both of these business; what are your margin goals for those businesses?

Richard Stocking: Just before Jerry jumps in here, we're not slowing the growth down on intermodal; maybe the number of boxes. We have some runway on the COC side – 30, 35 percent growth opportunity before we add. So it's not like we're holding back on the growth. I just want to make sure -

Don Broughton: I understand – (Inaudible) You focus on utilization, you add boxes – you focus on utilization. I understand there's a balancing act going on.

Jerry Moyes: I think Ginnie's line is we don't disclose that; and so I better say that to start off with. But our goal is continuous improvement in OR – in the intermodal division.

Don Broughton: All right. Well then, let me -

Jerry Moyes: And logistics, Donald – we're pretty new in that. But we've got a good old (inaudible) in that business; and where it's non-asset – you don't have to have – you don't have to start with an eight, but -

Don Broughton: I just need something for stupid (sell-side) math, I can put that -

Jerry Moyes: We don't disclose.

Richard Stocking: We understand. But to reiterate what Jerry's saying, this – our logistics side of the business is very exciting – profitable and growing.

Don Broughton: OK. Well let me ask a follow-on then. Leverage ratio goals – also outstanding aggressive. Am I right to assume, though, that your leverage ratio goals that you're going to hit by 2017 do not include off balance sheet operating leases type activity?

Ginnie Henkels: Yes.

Don Broughton: All right. Fantastic.

Jerry Moyes: Get John over here – the old-timer.

John Larkin: Thanks for looking out for we old-timers, Jerry. Appreciate it.

Richard Stocking: Can we follow on to that?

Ginnie Henkels: Yes, so the leverage ratio that we disclose externally matches with our covenant compliance. So people can track that as well. We do track our leverage ratio internally, including operating leases. And we have our own internal target set, similar decline, that includes the operating ratio.

Don Broughton: Well there's obviously also a dramatically lower cost of borrowing operating leases right now, which –

Ginnie Henkels: Right, that's correct.

Don Broughton: If I had your job, I would be doing the exact same thing.

Ginnie Henkels: (Inaudible) making economic decisions based on that. But again, we want to reduce the total, total leverage, including those leases as well. So we measure that internally; but we don't – again, the external metric relates to our covenant.

Don Broughton: Fair.

John Larkin: Thank you, Donald. Couple questions here. It's a little surprising, maybe given some of the pent-up demand that may have built up here due to the elongation of the winter, that customers are being so tough on price; especially in light of the fact that the hours of service rule change looks like it's going to go into effect on July 1st. Do you think their unwillingness to really take rate increases today is their way of saying that the hours of service will change – really will tighten up supply and demand at the four to six percent rate that you're talking about in the appendix? Or some have said it might even tighten supply and demand more than that.

Richard Stocking: Yes, the answer is they are very concerned. We've had five or six in recently – customers, that is – and that's a very, very hot topic. We've called on a lot of customers here recently, and they are concerned. So I know that doesn't match up with the comments on pricing being tough, but there are folks out there that aren't pricing properly, which gives them maybe a false sense of hope there.

I will tell you, though, that we just recently had a customer that put freight out to auction; and it just backfired in a way that they did – their rates actually went up, and they closed the auction and are going back to a different bid. So our hope is that things start to change; the mental model gets serious about what this impact could be to utilization; and think long-term. As Jerry talked about, think about us long-term; and we're trying to make sure that our customers are thinking that way too, and not just getting a quick hit in the quarter.

Jerry Moyes: And we're hoping third and fourth quarter will, as I said earlier – it'll come back a little bit. We had one facility – we just got a 4 1/2 percent increase on with one of our major customers. So it's – they're out there. It's just, when you looked at the big average -

Richard Stocking: And in addition to that – the bottom 20, John, that we talked about – bottom 30 percent, and improving – elevating that business; that's where we're going to see additional opportunity.

John Larkin: Could you talk a little bit about your fuel-sourcing program, how much you do with a Pilot/Flying J, and whether you're confident that they have dealt with you in a scrupulous manner?

Jerry Moyes: We do a very high percentage with the Pilot/Flying J people; 60 - 70 percent of our purchases come from there. We are very, very comfortable today that we are not involved in what they're doing. We have a very sophisticated system; first of all, our agreement with them is very complicated. But we have a great system in place to watch it on a daily basis. And then we have an optimizing system that compares them to Loves and TA and the other truck stops. So it's not only –

Richard Stocking: And our internal –

Jerry Moyes: And our internal bulk. So the optimizer sends our trucks to where the best value, the low cost is. So if they're not the low cost, it could go to (Loves) or to our facilities. But we believe that we're OK on that. We've done extensive research on it, John. We think we're OK with it.

Ginnie Henkels: So we – as Jerry mentioned, we have a very sophisticated system. We actually had an independent third party that costs our fuel at the point of sale. So regardless of where it is – whether it's our facility, or whatever truck stop that it is – it gets costed from ground up according to our contracts by an independent third party. And so we're paying our negotiated rates at point of sale. So it's a little bit different than what you saw on some of the other carriers that had issues.

John Larkin: Do you think there's any need to have a backup plan, if something were to happen to Pilot, if they were to have a huge judgment brought against them, and have – for example, if they would have to downsize, would other vendors be able to handle the demand?

Jerry Moyes: Yes, John, there's plenty of truck stops out there. And keep in mind that we have 35 of our own facilities that have bulk fuel, plus at least 12 off-sites that I can think of offhand. So we've got plenty of capacity. At one time, we were fueling 85 percent of our fuel at our own facilities. And so we've got plenty of capacity on our own, and (Loves) and TA.

John Larkin: And just one final one; there's been a lot of talk in the industry lately about the concept of yield management. It was a featured part of Celadon’s analyst day, which was held here just a few days ago. You said you got 3.1 percent revenue (inaudible) last year; it's less than that now. How much of what you're getting is a function of better decision-making in terms of what loads you accept, your length of haul decisions, empty mile management and tradeoffs, and those sorts of things, versus pure price increases?

Richard Stocking: Yes, I don't know that I can give you an exact percentage there, but yield management's very important to us in our network engineering. And going through all those different metrics that I didn't share with you, that we grade on each lane, we're definitely aggressive there. And it's a pretty big portion. And then obviously the rate on top of -

Jerry Moyes: Why don’t you talk a little more about the lower 20 percent.

Richard Stocking: Yes, so the elevate program that we have, we really grade these things on – I think it's 18 different metrics. And every lane, every area of the country, Mexico, Canada; and we define what those issues are. And then we are able to sit down with the customer and have a very mature discussion on changes that need to be made. And it's not all about pricing. If there's opportunity for us to increase the velocity on a load, which then helps the driver make more money, we make more money, and our assets are turned faster, then that's one thing.

If it's a situation where they can give us the code to a lock to pick up weekend business, then that is – that's wonderful. And we're able to bring value to them as they bring value to us. So it is a – it is an intensely hyper-focused area in this yield, that we believe we will strengthen over the next three or four quarters. We've got a great foundation there; great people and processes that are finally aligned. And I think you'll start to see some marked improvement in our yield.

Matt Brooklier: Matt Brooklier, Longbow. Question – how tight currently is the driver market, and do you think it could impede your ability to add trucks this year?

Jerry Moyes: The driver market – we've always done a good job in the driver market. We're in good shape drivers-wise. And historically, when we've had real challenges within the industry, we've done pretty good. So we're in good shape today. We have a great driving school; we've got a great pipeline of drivers. And we feel we're find from a driver standpoint.

Matt Brooklier: Has turnover ticked up – has it gotten more difficult recently to find and retain drivers at this point?

Jerry Moyes: Go ahead, Richard.

Richard Stocking: So our turnover's ticked up some, but not materially. And we're well below – well below industry average. But I would tell you that – to Jerry's point, we have an infrastructure set in place. And it's not just on the schools, but outside schools as well. And the trick is to make sure that you streamline the process so you can bring more of those drivers in, and then keep them once they're there, through that training period. That's the critical time – the corridor of entry.

So we're really focused on the corridor of entry, and making that a more smooth process – driver-friendly process. And I think – I hate to – I think we have a leg up in several of those areas. And that's why we may not be having some of the issues that you are hearing from others.

Ed Wolfe: Thanks, Ed Wolfe from Wolfe Research. One question on intermodal, one on hours of service. On intermodal, I just want to make sure I heard this right. Obviously there's a lot to do with margin; but with a flat box count, can you get – did I hear you say you still think you can get double-digit revenue growth? And obviously that has to do with asset turns and pricing. Can you talk a little bit about how you get there?

Jerry Moyes: Go ahead, Steve.

Steve Van Kirk: Yes, we're absolutely confident that we can get about 35 percent – at least 35 percent more loads (inaudible) container fleet than we currently have. So clearly, that hits the double-digit number that you're asking about. And there's obviously an ability, or a desire to increase price also.

Ed Wolfe: Thank you. And then on the hours of service side, a couple of questions. First, I realize this is a guess, but if you had to handicap the odds of this going into effect in July, what do you think those odds are now?

Richard Stocking: I think they're going to happen. It's going to happen.

Ed Wolfe: OK, so if it's happening, I would think, in talking with a lot of shippers, that there's a great opportunity here for a process-driven company like you've become to work with shippers to improve everything you're doing with them. Where are you in that process? If it's July, when do you start talking to your customers, and what kinds of things are you talking to them about, as well as your drivers, I guess?

Richard Stocking: We already have been talking for the last year about this, in anticipation that it was coming. So in our sales calls, like I said today, they're very animated over this issue. And they're bringing it up today, and trying to find what the impact's going to be and what the potential solutions are. So we've already been working with them, Ed. And we believe that it goes into effect; we're right back there with them, executing off of the solutions that we've provided them prior to July 1.

Ed Wolfe: And what about drivers – is there something you can do with your drivers, and when do you do that?

Jerry Moyes: I think we've just got to educate the drivers on what the new hours of service is, and how can they maximize their miles under the rules that we have. And I think we're doing a good job of that, Ed, and we'll get through that, I think.

Richard Stocking: The great thing about our terminal infrastructure and some of the other process we have already is we can help mitigate some of that issue for the driver. And to Jerry's point, we just need to continue to train them on that process, so that they can help themselves.

Ed Wolfe: So then do you think we see a drag in utilization that shows up in third quarter as a result of this, or is it something that can be mitigated, or net of the pricing you get? How do you think about that?

Richard Stocking: We're going to do the very best to mitigate everything that we can going into the third quarter. Will it have an impact? There are different types of fleets. The dedicated fleet's going to be impacted differently than the OTR fleet, and the dray fleets – the local fleets. So to answer that question is kind of a potpourri of an answer, depending on what fleet it is. But there may be some impact; but I think in our organization, our infrastructure with the terminals, we're going to do everything we can to mitigate it.

Jerry Moyes: Ed, we should not have a reduction in utilization in third quarter because of hours of service.

Ed Wolfe: Last question. Just directionally, when you think of the different fleets – dedicated and drive-in, and flat-bed, and even Mexico – are there some that are more impacted – how would you rank where the greater impacts could be?

Richard Stocking: Probably in dedicated; and different types of dedicated are going to be impacted more so. I think we'll be fine in Mexico. And to Jerry's point, again, we're going to do everything that we can. We've talked a lot about this to our shippers, and so they understand the impacts and so on and so forth. And it's going to require some rate. But it – I know it's kind of a vague answer. But every dedicated operation is not created equal. So it's going to affect them differently.

Todd Fowler: Thank you. Todd Fowler, Keybanc Capital Markets. The billion dollars of logistics revenue; can you talk about the composition of that? Is that going to look like traditional brokerage revenue that we see from a C.H. Robinson? Sounds like that there's a TMS component of that. And so how do you think about the split of that? And can you also talk about how that revenue comes online, and how you see that growing, not just this year but as we get into '14 and '15?

Richard Stocking: Yes, so it's going to come both ways. When you take over a transportation management system, it's a large chunk of revenues that comes with that. And the brokerage is – builds. So today, this year, we are – we've been successful, and will be successful going forward on both sides of that. Next year, I would think you'll probably see more of the revenue as a percentage comes from the TMS,

Jerry Moyes: This new TMS system we've got – we just got it in place a few months ago. So it's really going to be a – and it's a long process to get this in the pipeline. And we've got a very full pipeline. So I think a lot we're just going to see in '14; we'll hopefully see some in '13.

Richard Stocking: We'll see some this year, yes.

Jerry Moyes: Yes, some '13. But it's probably '14.

Ben Hartford: Ben Hartford with Baird. Steve, when you think about that billion dollar revenue target in intermodal, can you talk about, in order of magnitude, how much of it do you expect to come from converted share – earnings share, but existing intermodal freight versus converting new?

Steve Van Kirk: There's always going to be – there's obviously a well-known set of customers who are bit intermodal users. And we're going to battle to get our fair share of that freight. And we're going to do that with being price disciplined. I think the real opportunity – what we're very much more focused on – is how do we find a guy out there who's moving the freight truckload that we can convert to intermodal?

And if you buy into the theses that drivers can be harder to come by, hours of service is going to impact driver productivity, we can get over the road conversion opportunity is absolutely critical; and its more favorable from my perspective, because you can typically get that freight at a higher price point than you could do with a shipper who's gone through years and years of bidding that same freight intermodal provider over and over again.

Ben Hartford: So if I think about that split, can I think 50/50, or would it be skewed more toward one side of the equation?

Steve Van Kirk: I think 50/50 is probably a safe assumption for right now. I have – that aspect is not a question I've thought through all that much. I'll tell you what I – the engineering study that we did this past year was heavily focused on OTR conversion. And we used third party data sources on both buy-ins and pricing. And there is, I think – Richard shared this with you all before – but there is a tremendous amount of freight out there which is eligible to be moved on intermodal. We just need, from a sales standpoint, to go out and find it.

Jerry Moyes: With our truckers' hat on, keep in mind our average length of haul is only 450 miles length of haul. So some of the longer length of haul stuff is going to go rail. But the majority of our business is 400 or 500 mile length of haul, which is probably not going to go rail. So I don't know if you showed the slide, Richard – the trucking industry is going to continue to grow, as is the intermodal. So it's – intermodal is not going to grow at the expense of truckload. They're both growth engines.

Richard Stocking: Yes, and so I'd mention – and as Steve thinks through that – there's lots of new customers we're bringing on board that we're not doing business with today – intermodal business with today, that we haven't been privy to the intermodal bids today, that we're starting to get and that we're seeking. So I would say – I would skew it towards that side of the fence, with the discipline that we're focused on there.

Also, say that in the east is a great opportunity for us – the crescent corridor, and all of the east, really, is an area for us to really grow and gain market share. We're a small player there, and growing. So I would tend to – I would tend to shift it toward that first.

Ben Hartford: And then, Richard, could I ask you the same perspective on the billion dollar target in logistics – the source of that growth?

Richard Stocking: Yes, the source of that is our existing customers. And as we're bringing on new customers, they have that same opportunity. But for right now, the business that we're bringing on is within our top 200.

Jason Bates: Any other questions? Scott.

Richard: And then, Jason, we have one over here. Ken –

Scott Group: Two last things – one for Jerry. You guys have been early testers on nat gas fleets. Can you just give us an update on how you're thinking about that? And then, Ginnie, maybe just an update with the growth targets – how you think about CAPEX longer-term.

Jerry Moyes: You know, we're a little disappointed in natural gas today. We've been messing around with it for two or three years. We're testing 10 of the nine-point liter engines today in southern California; having some problems with them not getting the fuel economy that we would like. And we're testing four of the 12-liter and actually have five more coming in as we speak; and kind of the same situation.

The biggest problem is the manufacturers are literally holding up the trucking companies. And when I can buy a few trucks for $172,000 for (inaudible), but I can't buy 2,000.

Richard Stocking: You can buy two.

Jerry Moyes: I can buy two, is that what I said? But these manufacturers – for Cummins to charge what they're doing with this 12-liter engine – it's old technology. It has no EGR, it's got no SER, it's an old turbo that was in place 10 years ago, and it's absolutely – it's a cheaper engine than what we're using today, and for them to charge extra for it just makes absolutely no sense. And it goes right down the line. The manufacturer's tacking on a price; and we found out the other day, the dealer's even tacking on more money.

So unless the supply chain of getting us a truck becomes more efficient – and I'll use the word greed – comes out of the system, natural gas probably isn't going to work. At $170,000 a truck, the savings we get on natural gas is about a four- to five-year savings; and for us it's not worth it.

The other issue is, we are seeing tremendous improvement in fuel economy on these new engines. Our 2014 engine – or our 2014 trucks that we're taking delivery of today, we're getting very, very good fuel economy. So we're doing a lot better in what we're doing. And there's a lot of hindrance in the natural gas. Go ahead, Ginnie.

Ginnie Henkels: OK, so on the CAPEX, the 225 to 250 that I mentioned does assume the 500 truck growth that we've been talking about as well for this year. So we also have 3,000 or so trailers in that number. We do lease – as we've talked about, and as you see in our disclosures – about half of our equipment – our trucks, I should say. So that factors into that as well. So you can see, as I mentioned, in the appendix there is kind of a build on maintenance CAPEX and growth CAPEX; that gets you to that 225 number.

So I think, obviously as we talked about, we have heavier years with regard to trucks and lighter years; we have plenty of opportunity in our free cash flow and our model that we have today to be able to facilitate any growth with regard to containers or otherwise.

Does that answer your question, or were you looking for -

Scott Group: (Inaudible).

Ginnie Henkels: Correct. That's right. So in case everyone didn't hear that, Scott asked if, over time, our growth is coming in intermodal and in logistics, does our CAPEX as a percent of revenue come down over time; and the answer is yes.

Jerry Moyes: As a percentage of revenue. Right. Go ahead, Ken.

Ken Hoexter: I just – your two numbers (inaudible) billion dollars on intermodal and logistics are big growth numbers. So I just want to delve into the intermodal for a second, then the logistics. On intermodal, what did you learn on the box turns a few years ago? So you bought Burlington Northern's boxes; you kind of hired into that. I thought the focus there was trying to improve the turns. I know the boxes were old, so you ended up getting rid of them and buying new boxes. But we also went through this phase where you ran up to UFC, you decreased to FC, and that was supposed to be such a small portion. As you're ramping this up so fast – at least numerically, to get to that billion dollars – what experience have you had on that turnover for the boxes, and what can you – literally what do we need to see on the boxes? Or what do you need to do with the customer to improve those turnovers?

Steve VanKirk: So the question's really – what's our plan to increase the turns -

Ken Hoexter: Yes, ultimately – obviously you have experience at this; you've been at this for a while. I presume that was something you were already working on, right? As you grew the boxes. But now you've shut down the growth to focus on the turning over.

Richard Stocking: And let me…before you. I would say we had a little bit different mindset to early on, and it was growth, kind of, at all costs. I think since Steve has been here – and we'll hand the mic over to him – we've really become disciplined on the yield. And so we don't want the yo-yo. We want to make sure that what we're bringing on – hence, the network study and the changes that it's made in the lanes – we won't have to go backwards. Where before, we were maybe a little jumpy when it came to price in those terms.

Now, Steve's very focused on those terms, on the dray cost, on the chassis cost, and the load matching, and all those types of things. And he's brought that discipline, number one; and number two, he's brought a lot of talent into the department that we didn't have before. So I would say that's a change; because Steve wasn't here back in that time. And I'll let you roll from there.

Steve Van Kirk: I've been with Swift for about eight months, and my previous experience had been with another (bi-modal) competitor. And per the TOFC part, here's a challenge for TOFC; it's really two-fold. If you're not balanced, you end up depleting the trailer markets that impacts your trucker operations. And you may think you're making money, but after you deplete that marketplace downward, you haven't made money after you have to kind of build the trailer pool back up.

The other thing is, having a trailer and container mix has typically an adverse impact upon your dray costs. And it's pretty simple, because if you think about a dray truck that's out on the street; if you're looking for one piece of equipment all the time, you can see a Swift container parked across the street; you can go grab it, you power it up and move your next load. But if you see a bunch of containers across the street but you're looking for a trailer, you may be driving a lot more miles to find that trailer, so what does the build and efficiencies in.

And the best example I'll give you – if you were a retailer, it's really easy to have an efficient operation with one skew in your store. If you have more skews, you have more risks of audit stocks, more complexity. So what we're really trying to do is de-complexify our operation. Because going out there and running dray efficiently is about discipline; it's about having the simple operating structure, and being disciplined enough to not get lured off its simplified operating structure. So that's really what we're focused on.

Now, the TOFC, we're going to do – when I launched my representation, I talked about running kind of a quasi-dedicated fleet operation. And really, you can make money with TOFC if you're balanced; and you can really make money with TOFC if you're balanced and you're always going in and out of the same locations. And so that's what we're doing. So we like TOFC, where we can create a great customer solution and move a higher weight; and we can make money doing it. I would see a limit – a more limited setup TOFC opportunities versus container opportunities. And that's why you're going to see our focus being upon containers.

Jerry Moyes: I think when Steve came on board, our key product was pretty good sized in numbers, and we were doing some things that didn't make sense; and we kind of went down to zero, and now we're building it back up. We just started $20 million movement is pretty balanced; and I think you'll see that grow. But as Steve said, not to the extent the C product will.

Ken Hoexter: Wonderful. And then just – oh, go ahead, Richard.

Richard Stocking: Go ahead. When you're done I just want to follow up.

Ken Hoexter: I was just going to throw on – I was going to change the logistics so if you wanted to –

Richard Stocking: That's fine.

Ken Hoexter: On the logistics side, I understand that the TMS adding on with existing customers, but is this something that we should look to see you scale – hundreds of employees growing solely to go get additional brokerage opportunities? Is this something – I mean, to get to a billion dollars, we're kind of -

Richard Stocking: The billion-dollar revenue will definitely require more people. We feel like we are perfectly aligned with head count today, with the revenue we're doing on that. And then the last thing I wanted to mention – and I didn't tell you this – but we also have a huge goal when it comes to the trucking side. So we don't want you to forget about that. And it's as large as the others over time. So that pie chart in 2017 shows trucking growing by a fair amount. And we believe that because of our results that we're producing there, that this can be very advantageous to our growth. So it's a shining start just like these other two.

Jason Bates: Over here.

Elizabeth Mielke: Elizabeth Mielke from UBS. On intermodal, can you talk a little bit more about your specific intermodal strategy for the cross-border Mexico market? How do you – how do you think about your relationship with the relevant rail carriers, and how do you think about leveraging your position of having obviously a sizeable dray fleet here in the U.S. as well as a decent sized tractor fleet south of the border with Trans-Mex?

Steve Van Kirk: OK, in terms of Mexico – Mexico's a great intermodal marketplace. And the primary reason I say that is I think the best intermodal marketplaces are imbalanced marketplaces, where there's more demand versus the inbound, which Mexico is. And so our strategy for Mexico is we have a very good relationship with the Kansas City Southern. And the KCS has done a great job to make investments in their infrastructure; and they're running a good operation.

Our job to really grow that Mexican business is to generate inbound to Mexico; because some of the northbound piece is not all that terribly difficult. So what we're doing is we're going to try to drive as much inbound as we can. We're going to have a repositioning strategy to allow us to get into marketplaces where we have a lower cost repositioning into Mexico to create more northbound capabilities.

In terms of using our existing infrastructure in Mexico, we have a strong sales presence in Mexico, which is important. We have a strong sales presence in the U.S., because so much of the cross-border freight – if you're going to win it, you need to work both sides of the border to be effective from a sales standpoint. And our core knowledge of the marketplace and the trucking operations down – that Mauricio's team brings to us – we think it's a major point of differentiation.

And so we're going to really focus on strong, solid execution from dray standpoints, we have good security results; we had good service results. We're turning our equipment as quickly as possible once it gets into Mexico, and then back north with paid load.

Elizabeth Mielke: Thank you. And one quick follow-up related to that. When you think about that $1 billion longer-term intermodal revenue target, about what contribution do you expect from the cross-border Mexico market?

Steve Van Kirk: That's a more difficult question, and I don't know if (Richard), you want to take it. But clearly I think it's linked with how successful (inaudible) in

Mexico. And my impression is that's a key part of what's going on. Could it move into that five to 10 percent portion of our business? I think that's potentially doable.

Richard Stocking: Yes, I mean – and we're excited; this is the last gateway, really, for growth. And we have the huge fleet that's growing down there; we've got a strong customer base, the sales presence; the operations leadership. I think it'll be bigger than kind of what Steve's talking about over time; because there is a lot of business that is happening there, in both truck and intermodal. And we're just playing pretty small there. So I think it could grow past what he's talking about.

Jerry Moyes: Any other questions? Well, we ought to thank all of you that are here, and those of you that are on the webcast that – bringing Steve and Mauricio in, I hope it shows you the quality, the balance of people we have. We've got a great organization that's very, very deep. And those of you that are shareholders, the stock just hit $16. So congratulations and thank you for coming.

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